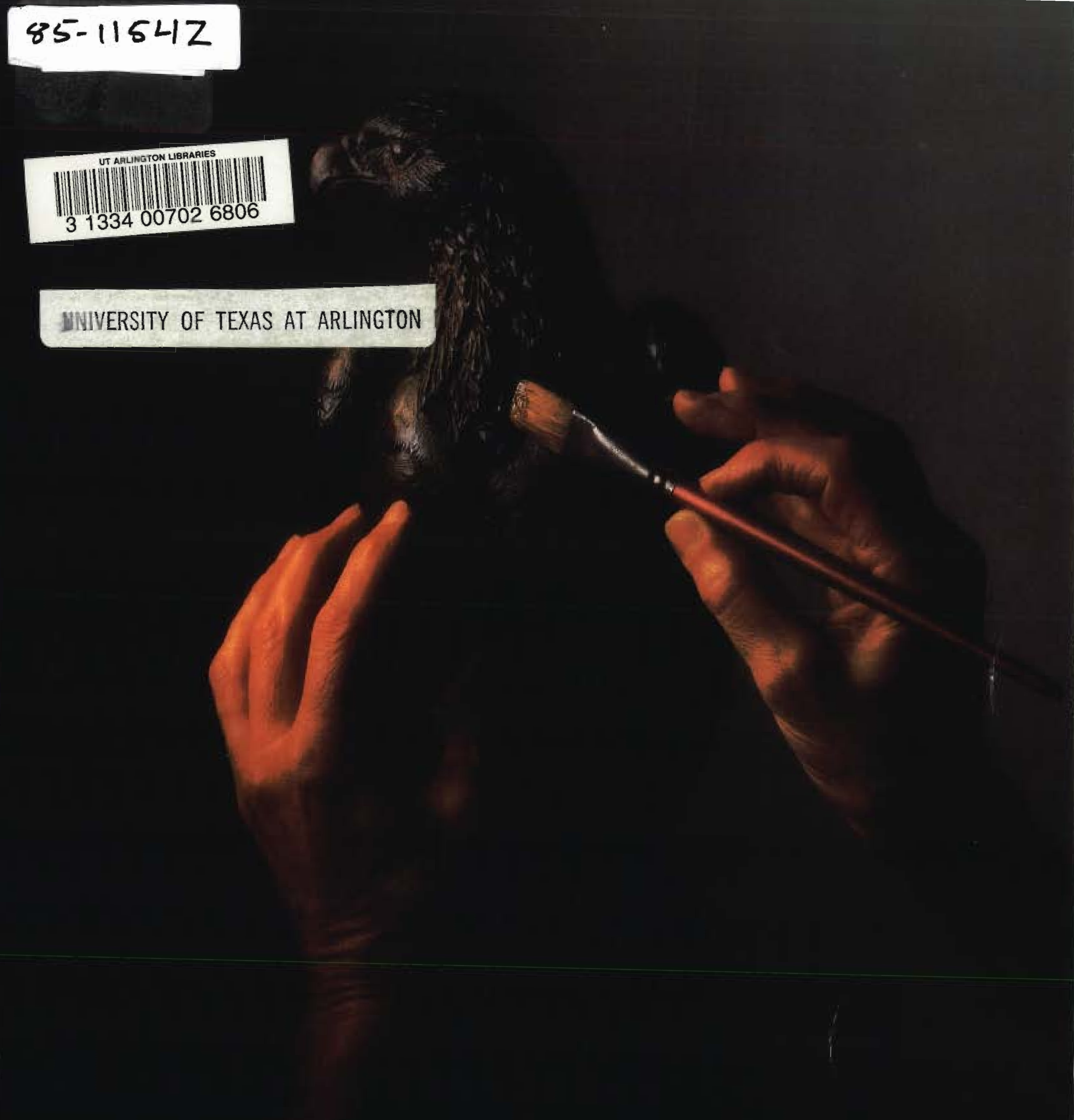


ANHEUSER-BUSCH
COMPANIES, INC.

ANNUAL REPORT 1985

Cover: *The majestic eagle, noted for its strength, size, gracefulness, keenness of vision and powers of flight, has been a symbol of Anheuser-Busch since the 1870s.*

Table of Contents

Dynamic growth.
New product development.
Acquisitions. All of these
activities characterized
Anheuser-Busch
in 1985.

But amid the changes,
one thing remained constant—
the company's commitment
to quality.

Every product,
every acquisition,
every new venture that bears
the Anheuser-Busch name
reflects each employee's
commitment to excellence.
No matter how large,
no matter how diverse,
no matter how successful
the company becomes,
that will never change.

Because...
Somebody Still Cares
About Quality.

1985 FINANCIAL HIGHLIGHTS

(In millions, except per share, employee, shareholder and statistical data)

Year Ended December 31,	1985	1984	% Change
Barrels of beer sold	68.0	64.0	6.3
Sales	$7,683.3	$7,158.2	7.3
Beer excise taxes	683.0	657.0	4.0
Net sales	7,000.3	6,501.2	7.7
Net income	443.7	391.5	13.3
Net income per share	2.84	2.47	15.0
Cash dividends:			
Common stock	102.7	89.7	14.5
Per share	.73⅓	.62⅔	17.1
Preferred stock	27.0	27.0	—
Per share	3.60	3.60	—
All taxes	1,174.4	1,099.4	6.8
Capital expenditures	601.0	519.2	15.8
Depreciation and amortization	236.1	203.4	16.1
Effective tax rate	43.2%	43.2%	—
Return on shareholders equity	18.9%	18.2%	.7%
Financial Condition At December 31			
Working capital	$127.7	$ 80.3	59.0
Plant and equipment, net	3,885.9	3,515.0	10.6
Long-term debt	861.3	835.8	3.1
Convertible redeemable preferred stock	287.6	286.9	.2
Common stock and other shareholders equity	2,173.0	1,951.0	11.4
Per common share	15.69	13.81	13.6
Number of employees	39,769	38,461	3.4
Number of common shareholders	39,338	30,007	31.1

Note. All per share information reflects the June 14, 1985 three-for-one stock split.

The past year was one of outstanding achievement for Anheuser-Busch Companies, Inc. Strong gains in brewing operations, paralleled by increased development of high potential opportunities in the company's food products and diversified businesses, laid the groundwork for continued growth throughout the last half of the 1980's and beyond.

Sales and earnings attained record levels, reflecting the strength of our beer business as well as increased contributions from the other subsidiaries. Gross sales were $7.68 billion, a 7.3% increase over 1984. Net income was $443.7 million, for a gain of $52.2 million over the previous year. Earnings per share advanced 15.0% to $2.84 per share after adjusting for the three-for-one stock split.

This superior performance is consistent with the company's history of solid earnings growth and its aggressive return on investment objectives. During the first five years of the decade, return on equity was 19%. Over the same time period, the compounded average annual return on your investment in Anheuser-Busch—stock price appreciation plus dividends—was 39%. This compares to a 15% return for Standard and Poor's index of 500 stocks.

"Sales and earnings attained record levels. Gross sales were $7.68 billion, a 7.3% increase over 1984."

Several actions were taken during 1985 that will continue to enhance shareholder return on investment. Capital expenditures were $601.0 million and are expected to remain at that level over the next several years to support sales and earnings growth in beer and baking operations, can manufacturing, snack foods and family entertainment. A major element of this effort is construction of a five-million barrel brewery in Fort Collins, Colo. When this major facility comes on stream in 1988, total capacity for our 12 breweries will reach 80 million barrels.

In April, the Board of Directors approved a three-for-one stock split to increase the marketability and distribution of the company's shares. Additionally, the quarterly dividend on common stock was raised to $.20 from $.16-2/3 in recognition of the company's favorable growth prospects. The full year dividend was $.73-1/3 per share, an increase of 17.1% over that paid in 1984.

While annual financial objectives remain very important, Anheuser-Busch's primary emphasis is on making decisions that are in the best long-term interest of the company. These decisions are guided by our unyielding commitment to quality products and by our respect for the ever-changing demands of the marketplace. We believe that the combination of these factors will continue to result in the kind of dynamic growth that characterized Anheuser-Busch in 1985.

Brewing Operations

Anheuser-Busch, Inc., our brewing subsidiary, entered the second half of the 1980's in an unparalleled position of strength. With a 6.3% increase over the previous year, 1985 sales climbed to 68.0 million barrels, and market share grew by two points to 36.6% of the total industry.

Our strategic plans remain on target to achieve a 40% market share by the late 1980's. We have taken into account the near-term prospect of low-to-moderate industry growth by concentrating our efforts on demographic and geographic segments that offer the best sales growth opportunities for premium brands and on expanding product categories. For example, the sales volume of our family of three quality light beers grew by a total of 22% in 1985. This rate of growth significantly surpassed that of the entire light beer category, and these brands should prosper as the category continues to expand.

A growth area in which we have not competed for the past several years has been the import category. In November Anheuser-Busch, Inc. reached agreement with United Breweries, Ltd. of Copenhagen, Denmark, to distribute Carlsberg lager beer and Elephant Malt Liquor in the United States. Supported by our marketing programs and our highly professional wholesaler distribution system, these high quality imported beers are now positioned for strong growth.

The outlook for balanced volume and profit growth is excellent. Unit profit margins are expected to grow as a result of prices being sufficient to offset anticipated cost increases; the benefits of vertical integration in malt, rice and can manufacturing; and productivity improvements. Continued progress in

achieving plant operating efficiencies has been made as a result of substantial capital investment and the cooperation of our production employees and the unions which represent them.

Another development in the beer company during 1985 was the creation of the Anheuser-Busch Beverage Group, which will manage non-beer beverage products as a subsidiary of Anheuser-Busch, Inc. These businesses are not a diversification away from beer, which will remain our top priority as evidenced by substantial future capital commitments. Instead, they represent an opportunity to profit from the changing demands of the marketplace.

Late last year, the Anheuser-Busch Beverage Group introduced Baybry's, a unique champagne cooler, to several test markets. And, in response to growing consumer demand for bottled water, the Beverage Group recently acquired Saratoga sparkling mineral water sold in the northeastern United States, and the à Santé line of flavored mineral water, which is marketed in the western portion of the country.

"Beer . . . will remain our top priority, as evidenced by substantial future capital commitments."

Industry Affairs

While the brewing industry's political and social environment continues to be sensitive, two major factors offer reasons for optimism in coming years.

First, there is a growing recognition that the multitude of problems referred to under the general heading of "alcohol abuse" can and are being addressed. Through the combined efforts of the law enforcement community and the private sector, increased public awareness and widespread acceptance of personal responsibility are having an impact. Several major indicators of alcohol abuse have shown marked improvements, and total alcohol-related highway fatalities have declined by 18% since 1980.

While this progress does not downplay the seriousness of the alcohol abuse issue, it suggests that substantial advances are being made without recourse to unfairly restrictive legislation.

A second important and encouraging development is the formation of a new brewing industry trade association, the Beer Institute, which will represent the nation's five largest brewers. The organization will provide coordinated representation on issues of both industry and public concern in our nation's capital.

Although 1985 was marked by substantial legislative activity, few pieces of disruptive legislation were passed during the year. We do not anticipate that the tempo of activity will slacken during 1986; however, we are in better position than ever to represent the interests of our company and its shareholders in the legislative and regulatory arena.

Subsidiary Businesses

The company's subsidiary operations showed significant progress during 1985. All Anheuser-Busch Companies' subsidiaries made important contributions to operating income growth, with the exception of Eagle Snacks, which is undergoing an aggressive expansion.

Campbell Taggart, the nation's second-largest commercial baker and a diversified manufacturer of frozen and refrigerated food products, substantially increased its profit contribution over last year. The increase in the baking segment resulted from the introduction of new higher-profit variety breads, from the modernization of production facilities and from a more favorable pricing environment. Campbell Taggart also added to its profits by distributing Eagle Snacks throughout a significant portion of the company's Sunbelt sales area.

During 1985, our Eagle Snacks subsidiary focused on increased distribution of its product line, introduction of new products and expansion of its self-manufacture capabilities. In addition to completing the national rollout of the premium Honey Roast$_{TM}$ brand of nuts, Eagle Snacks introduced two unique kinds of potato chips and acquired the Cape Cod Potato Chip Company. Consumer acceptance of Eagle Snacks products has been exceptional, and we will greatly expand the snack food line in early 1987 when a new Tennessee plant begins production.

The past year also saw Busch Entertainment acquire a majority interest in Exploration Cruise Lines, Inc. The cruise business has become a major growth segment within the entertainment industry, and Exploration Cruise Lines represents a new diversification opportunity.

Measures to Ensure Fairness

During the past year, the business community was subjected to an ongoing stream of acquisition rumors—some of which dealt with Anheuser-Busch. We have not been involved in any discussions about a takeover or merger of Anheuser-Busch. However, should any discussions affecting our independence occur, our paramount concern will be the fair and equal treatment of our shareholders, as well as our wholesalers and employees.

Experience has shown that some acquirers pursue expedient courses of action that ultimately compromise the long-term value of a company. Several actions were taken during 1985 to minimize the possibility that the sustained health of the company could be impaired through such tactics.

Specifically, shareholders approved two amendments to the company's certificate of incorporation during the annual meeting in April. In addition, this past December the Board of Directors adopted a Shareholder Rights Plan. The intent of all these measures is to encourage anyone interested in acquiring Anheuser-Busch to negotiate directly with the Board, which is in the best position to assess the fairness of any offer to all shareholders.

Director and Management Changes

In April of 1985 Bernard A. Edison was elected to the Board of Directors to replace W. R. Persons, who was not eligible for reelection under Board policy but will continue to serve as an advisory member of the Board for two years. Mr. Edison is the President of Edison Brothers Stores, Inc. We are fortunate to have the benefit of his extensive business experience and insight.

Early in 1986, Raymond E. Goff, formerly Vice President—Administration of Anheuser-Busch, Inc., was appointed Vice President and Group Executive of Anheuser-Busch Companies, and a member of the corporation's Policy Committee. He will assume overall responsibility for Materials Acquisition, Busch Agricultural Resources and Busch Industrial Products.

Amid the many changes that have taken place over the past year, our fundamental advantages in the marketplace have been the quality of our products and the dedication of all Anheuser-Busch employees and our beer wholesalers. As we view the challenges and opportunities of the future, we will continue to set high standards for all members of the Anheuser-Busch family—reexamining our actions and attending to every detail of our business.

Sincerely,

August A. Busch III
Chairman of the Board
and President
February 7, 1986

August A. Busch III

Anheuser-Busch Companies maintains without exception its historic commitment to quality.

ANHEUSER-BUSCH COMPANIES

Anheuser-Busch Companies is a diversified corporation whose subsidiaries include the world's largest brewing organization, the country's largest producer of baker's yeast and the country's second largest producer of fresh baked goods. The company also has interests in container manufacturing and recycling, malt and rice production, international brewing and beer marketing, wine, non-alcoholic beverages, snack foods, family entertainment, cruise ships, international baking, refrigerated and frozen foods, real estate development, major league baseball, turf farming, stadium ownership, creative services, rail car repair and transportation services, and metalized label printing.

Anheuser-Busch Companies is committed to continued growth and is dedicated to the production of quality products and excellence in all aspects of its operations.

Diversification

Anheuser-Busch Companies' primary objective is well-planned and managed growth, and the company's long-term diversification strategies reflect this commitment. These strategies include vertical integration, internal development of new business areas and acquisitions.

The company's vertical integration strategy has resulted in increased knowledge of the economics of those businesses, assured quantity and quality of supply, and control of both packaging and raw materials costs.

The company continues to cultivate internally developed businesses such as Anheuser-Busch International, Inc. and Eagle Snacks, Inc. In keeping with a philosophy of maintaining premium quality through self manufacture, in 1985 Eagle Snacks added

Anheuser-Busch Companies headquarters is located in St. Louis, Mo.

capacity through plant expansions as well as acquisition of the Cape Cod Potato Chip Company in Hyannis, Mass. Anheuser-Busch International now oversees Budweiser license-brewed sales in Canada, Israel, Japan and the United Kingdom. In these markets, it is making Anheuser-Busch beer brands available through export.

Another internally developed diversification area, Master Cellars Wines, has become part of the newly created Anheuser-Busch Beverage Group, Inc. Master Cellars Wines, premium California wines packaged in stainless steel kegs exclusively for on-premise retailers, is expanding throughout the western states and selected metropolitan areas. In the fourth quarter of 1985, Baybry's, a champagne cooler, was also introduced in the Pacific states and St. Louis. Two leading regional bottled water companies, Saratoga

Professionalism and a belief in excellence are hallmarks of Anheuser-Busch people.

and à Santé, have also been acquired. The Anheuser-Busch Beverage Group is capable of handling additional beverages as part of its long-term strategy.

Over the past few years, Anheuser-Busch has been evaluating the possibility and benefits of investing in venture capital funds to broaden its exposure to new diversification opportunities while providing a good return on investment. In 1985 the company became an investor in InnoVen, its first venture capital fund.

InnoVen is an established venture capital fund and has been very successful over the years. Anheuser-Busch gains exposure to new business areas being developed by the small start-up companies invested in by InnoVen.

Other diversification projects draw on the research and development expertise of Anheuser-Busch Companies' yeast fermentation technology. One example of using this technology is the research and development program established with Interferon Sciences, Inc. in 1983.

Interferon Sciences, a biotechnology firm located in New Jersey, has been developing and clinically testing both natural and recombinant forms of interferon, an anti-viral agent found in the human body. Interferon Sciences genetically engineers the yeast cell in the recombinant form to produce interferon, and Anheuser-Busch, through the use of its fermentation capabilities, grows the yeast in large-scale quantities for purification and product formulation.

Ongoing research and development activities are a key part of the company's efforts to develop new products, evaluate potential products and ensure consistent quality in existing products.

In 1985 Anheuser-Busch extended its research and development program with Interferon Sciences for an additional three years. Anheuser-Busch has production rights and will receive royalties on all recombinant products sold by the company. Additionally, the company has warrants for the purchase of Interferon Sciences common stock. Interferon Sciences filed for the commercial license of its first natural interferon product in December 1985.

Campbell Taggart, a diversified food products company and the second largest producer of fresh baked goods in the U.S., was acquired in 1982. During 1985, the company introduced the Family Recipes line of bread, expanded distribution of Grant's Farm bread and reformulated and re-introduced its El Charrito line of frozen Mexican food. The subsidiary also opened a new bakery in Spain and acquired Le Pain Turner S.A., the second largest commercial baker in France.

Busch Entertainment also expanded in 1985, with the acquisition of Exploration Cruise Lines. This six-vessel fleet cruises in such areas as Mexico, Tahiti and Alaska. The company specializes in smaller ships that take travelers to unique destinations inaccessible to larger ships.

Long-range plans call for continued diversification efforts that are consistent with the company's growth strategy.

Anheuser-Busch supports educational institutions in a variety of ways, including an employee matching gift program.

Corporate Citizenship

During 1985, Anheuser-Busch Companies and its charitable foundations contributed approximately $11 million to many non-profit organizations. In the communities where the company has manufacturing facilities, these organizations include the United Way, social service agencies, arts and cultural organizations, health care institutions, and colleges and universities. In the cities where it operates breweries and beer branches (company-owned distributorships), the company's Operation Brightside—an innovative clean-up and beautification program—has the special benefit of providing summer jobs for local youth.

Other charitable activities include: an employee matching gift program for educational institutions; the Anheuser-Busch/Urban League Community Scholarship Program; the Inroads training program for minority college students; and leadership training programs such as the Coro Foundation, the Cuban National Planning Council, the Mexican American Legal Defense and Education Fund (MALDEF), and the Latino Institute in Chicago.

As the founder and national sponsor of the Lou Rawls Parade of Stars telethon, Anheuser-Busch, Inc., through its Budweiser brand, has helped the United Negro College Fund raise more than $30 million to date. In 1985, Anheuser-Busch Companies became the largest corporate supporter of the National Hispanic Scholarship Fund.

In addition, as a national sponsor of the Muscular Dystrophy Association, Anheuser-Busch, Inc. and its wholesalers raised $3 million for the 1985 annual Jerry Lewis Labor Day Telethon.

Anheuser-Busch Companies also continued its minority banking program and its Partners in Economic Progress program for minority suppliers and contractors.

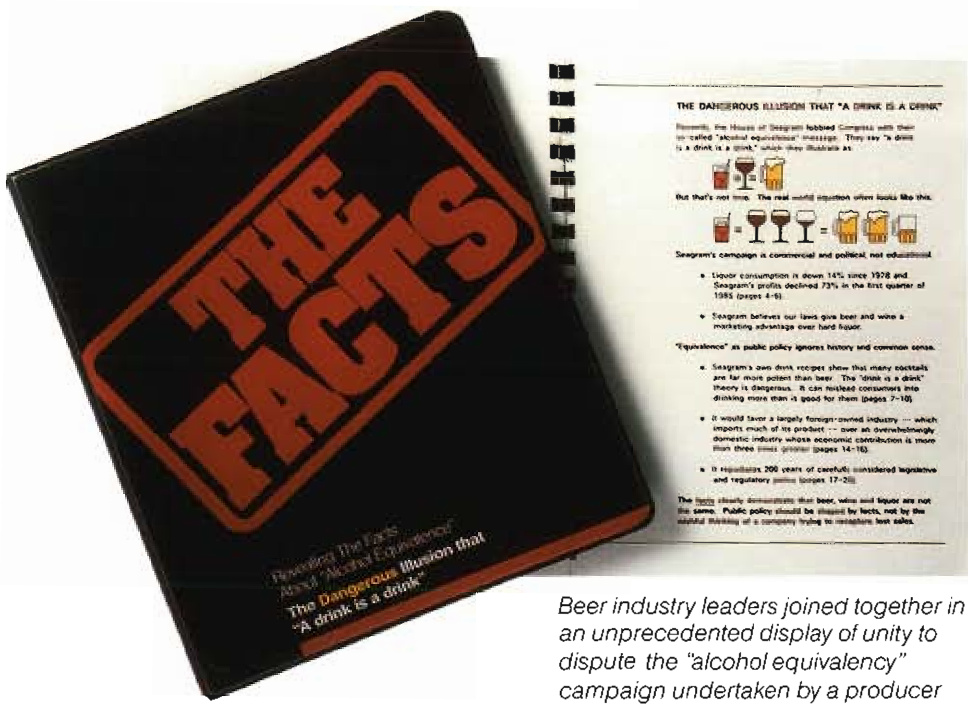
The company stands ready to provide assistance in emergency situations as well. In cooperation with its local wholesalers, the company often provides canned water to affected communities during natural disasters such as floods and hurricanes. In 1985 it provided $200,000 in relief to the Mexican earthquake victims through the American Red Cross.

Industry and Government Affairs

Anheuser-Busch Companies plays an active role in public and legislative arenas on issues that can have a major impact on the company. The company's Industry and Government Affairs Department monitors and directs the activities of company representatives with legislators and regulators nationally and in the 50 states. Anheuser-Busch, Inc. wholesalers are kept informed of public policy issues and are encouraged to be politically active. Certain employees also participate financially by voluntarily contributing to the Anheuser-Busch Companies Political Action Committee.

The company continues to identify political and social issues and to actively respond to them with positive programs that offer private sector alternatives to government-mandated programs. The company is strongly positioned to propose and support positive solutions and to oppose those efforts that place an unfair burden on the beer industry or on the consumers of its beer products.

Some areas of concern that the company addressed in 1985 are described on the following pages.



Beer industry leaders joined together in an unprecedented display of unity to dispute the "alcohol equivalency" campaign undertaken by a producer of distilled spirits.

Alcohol Abuse

The company is deeply concerned about the abuse of alcohol and the problem of driving while intoxicated and has taken an active, leadership role in finding effective and appropriate solutions to these problems. Operation ALERT, which is discussed on page 18, plays a prominent role in this effort.

Anheuser-Busch Companies also supports the efforts of the Beer Institute and other brewers to address the alcohol abuse problem. Although the brewing industry continues to be very competitive, 1985 saw two very successful cooperative efforts in alcohol-related areas. Anheuser-Busch and the Miller Brewing Company began working together, along with the Health Communications Corporation, to implement the TIPS program, which trains retailer personnel to deal effectively with patrons who overindulge. More than 1,000 Anheuser-Busch, Inc. wholesaler employees are now certified as trainers. The objective is to train 10,000 servers nationwide.

In an important display of industry unity, the chief executive officers of the five leading brewers, along with the heads of all the brewing industry trade associations, joined together to dispute the "alcohol equivalency" campaign undertaken by a producer of distilled spirits. The result of this effort was a book called "The FACTS," which was distributed to legislators, regulators and members of the beer industry nationwide.

Anheuser-Busch Companies also took a leadership role in addressing the problem of drugged driving. It funded both an international symposium at UCLA and the work of a panel of experts to determine the research, legislation, enforcement and prevention needs related to drugged driving. Finally, Anheuser-Busch Companies is supporting efforts to develop improved methods for detecting drug impairment.

The company has also contributed more than $1.4 million to a variety of programs and organizations which seek to better understand and combat alcohol abuse. These include the Alcoholic Beverage Medical Research Foundation at Johns Hopkins University and the Alcohol Research Center at UCLA.

Internally, the company continued to support its Employee Assistance Program, which offers employees and their families counseling on personal problems, including alcohol abuse.

In 1985 Anheuser-Busch Companies took a leadership role in communicating the "good news" about alcohol consumption, which includes declining trends in drunk driving fatalities, underage use and cirrhosis fatalities.

The company continues to stress that beer is a beverage that is socially acceptable and is enjoyed in moderation by the vast majority of consumers, and that there are, in fact, certain health benefits to moderate consumption.

Alcohol Ad Ban

As a result of increased attention to the alcohol abuse problem, some groups have urged Congress and individual state legislatures to impose a ban on broadcast advertising of beer and wine. Congressional hearings were held on the proposal in 1985, but evidence presented indicated that beer advertising does not result in alcohol abuse.

Anheuser-Busch opposes such legislation for several reasons:

- It stigmatizes the product, implying that even responsible use—rather than abuse—is somehow wrong.
- No scientific evidence links advertising with abusive consumption.

- Ad bans in other countries have not been effective in discouraging alcohol abuse.
- The experience of the brewing industry, which has seen per capita consumption decrease since 1981 despite increased advertising spendings, demonstrates that there is no link between advertising and problems associated with alcohol abuse.

The company believes that advertising does not affect industry growth or encourage higher consumption levels. It does affect market share among competing brewers. Therefore, Anheuser-Busch is monitoring this situation closely.

Federal Excise Tax

The threat of an increase in federal excise tax remains. Anheuser-Busch opposes this increase because:

- Excise taxes are regressive, affecting lower income groups the hardest. As the drink of working men and women, increased excise taxes on beer would be particularly unfair to middle and lower income groups.
- Beer drinkers are already paying nearly $3 billion annually in federal and state excise taxes. The beer industry is one of the most heavily taxed of all consumer industries. In 1985, Anheuser-Busch, Inc. paid federal and state excise taxes of $683.0 million.

Deposit Laws

Anheuser-Busch Companies continues to implement positive alternatives to deposit laws, including significant support for Keep America Beautiful and financial assistance to St. Louis' Operation Brightside, an innovative clean-up and beautification program that educates school children, promotes recycling and provides summer jobs for minority youths. The St. Louis Operation Brightside program has served as a model for similar programs in other Anheuser-Busch brewery cities and has the potential of being adopted by other communities across the country.

In 1985, the company also funded a national conference at the Wharton School of the University of Pennsylvania on anti-litter and beautification programs. The proceedings of this conference were published in a dedicated issue of "Resource Management and Technology," and 13,000 copies were distributed throughout the country to government officials and individuals concerned with community beautification.

Human Resources

The company's Human Resources Policy stresses management's recognition that the quality of employee relations is equal in importance to other managerial criteria, such as product quality, cost control and efficiency. The company recognizes the importance of its human resources for the continued success of its operations and has taken various actions to put its Human Resources Policy into practice.

In 1983, the company formed the Office of Corporate Human Resources to focus on human resource issues and activities. A key activity of this office is human resource planning, which is becoming an integral part of various divisional and subsidiary business planning processes. This planning involves identifying and implementing human resource programs that are necessary to accomplish business objectives.

The Human Resources Policy also emphasizes maintaining an atmosphere of open, two-way communications, and ongoing programs are in place to maximize such communications. Anheuser-Busch Companies and most of its subsidiaries continue to hold communications meetings to provide an opportunity for face-to-face communication between employees and senior management. Two-way communication is also encouraged through the Personnel Communications program, which provides salaried employees with an opportunity to seek help with job-related questions and concerns.

In 1985, an agreement as to the terms and conditions of a new national labor agreement was ratified. The new collective bargaining agreement covers approximately 9,000 employees at the company's 11 breweries and will be in effect through February 28, 1988.

"We have always seen yesterday's success not as an ending point or a conclusion, but as a springboard into tomorrow's challenges."

Dennis P. Long, President and Chief Operating Officer of Anheuser-Busch, Inc.

A personal commitment to quality on the part of each employee has allowed the company to maintain its unparalleled level of excellence.

ANHEUSER-BUSCH, INC.

Anheuser-Busch, Inc., which began operations in 1852, is Anheuser-Busch Companies' principal subsidiary. It ranks as the world's largest brewer and has held the position of industry leader in the U.S. since 1957.

1985 Performance

1985 was a year of "good news" for Anheuser-Busch, Inc. While total U.S. brewing industry sales increased .3% in 1985, Anheuser-Busch, Inc.'s performance was exceptional. The company established another all-time industry record with sales of 68.0 million barrels, an increase of 6.3% over 1984 sales of 64.0 million barrels. Anheuser-Busch, Inc. now has a record lead of 30.9 million barrels over its nearest competitor.

Gross sales of the company's brewing operations rose to $5.94 billion, an 8.2% increase over 1984 gross sales of $5.49 billion. Gross sales included federal and state beer excise taxes of $683.0 million in 1985 compared with $657 million in 1984.

Anheuser-Busch, Inc. increased its market share in 1985 with sales volume representing approximately 36.6% of total brewing industry sales (including imports) as estimated by the United States Brewers Association, compared with 34.6% the previous year.

Balanced earnings growth was achieved through increased volume, productivity improvement programs and revenue increases.

Although Anheuser-Busch Companies continues to diversify, beer is—and will remain—its primary, core business. Over one-fourth of all adult Americans—or 44 million people—drink beer each week. More than one in three beers sold is an Anheuser-Busch product.

The Brew House in St. Louis—a National Historic Landmark—combines old-world charm with modern technology.

Growth Strategy

Anheuser-Busch, Inc. has set a goal of a 40% market share by the late 1980s. To help accomplish this objective, the company introduced "The New A-BI" in 1985, an internal program designed to provoke a free-spirited thought process and increase commitment and professionalism at all levels within the company.

In addition to regularly scheduled communications meetings, this program includes "no agenda" meetings at all plants, at which management simply listens to employee concerns and suggestions. Labor/management committees have also been formed on a national level—as well as at many of the company's breweries—to provide a means of employee involvement regarding decisions that affect them and their working environment. These committees enhance the relationship the company has with all its employees.

Anheuser-Busch is the only major brewer in the world that uses the traditional beechwood chip aging process to age and naturally carbonate its beers.

"The New A-BI" reaffirms that the foundation of the company's success and its continued growth are based on teamwork, dedication and the capacity to change when necessary, or to initiate and thereby control change.

The company's success and growth can also be attributed to its commitment to quality. That commitment will never change. While most competitors are increasingly forced to rely on price as their primary selling tool, Anheuser-Busch will continue to emphasize the quality and value of each of its beer brands. To maintain that quality difference, the company remains the highest cost producer in the brewing industry, using a traditional, proven brewing process. At the same time, modern technology is employed to ensure the quality and consistency of the company's products.

Anheuser-Busch remains firmly committed to quality, which it believes is the fundamental, irreplaceable ingredient in its successful performance for more than 100 years. The company also believes that quality will prove to be the single most important consumer trend in the '80s. Consumers have shown a renewed interest in quality and a willingness to pay more for a well-made product.

To stress its commitment to quality, in 1985 Anheuser-Busch, Inc. expanded its quality-oriented multi-brand advertising campaign to include TV and print advertising.

Productivity Improvement

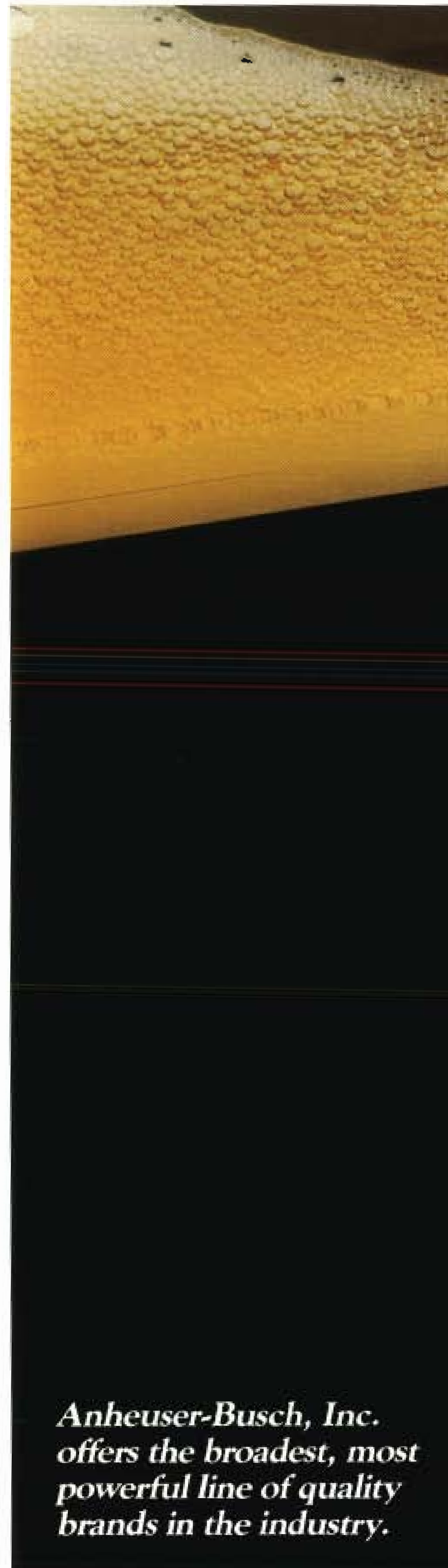
Productivity improvement efforts are also an important part of Anheuser-Busch's growth strategy. By finding new and better ways to eliminate waste and increase efficiencies, the company is able to better use its resources and thereby increase volume at less cost. Employee efforts have contributed substantially to this achievement.

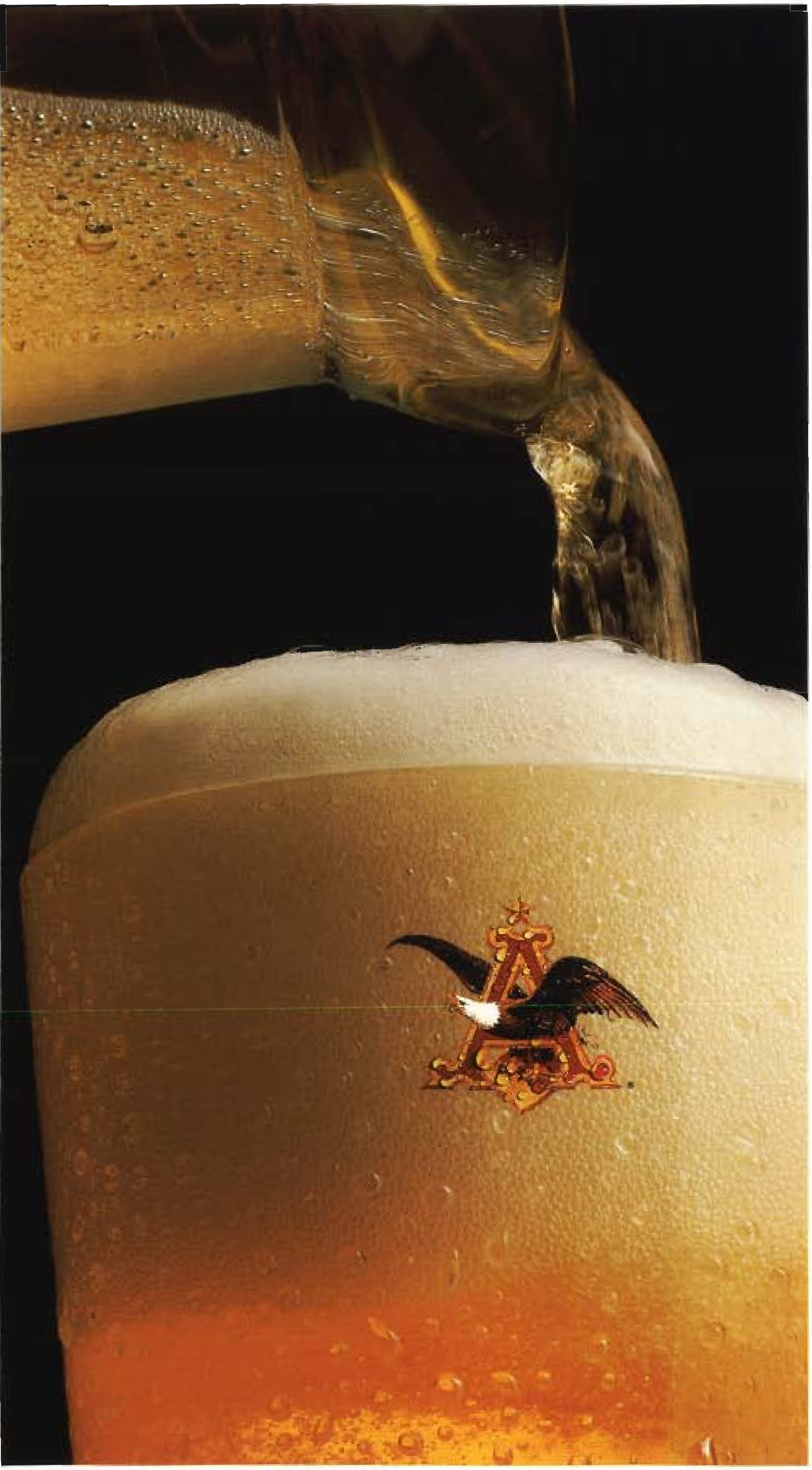
Continued aggressive capital investment for new capacity, new equipment, and improvements to existing equipment and facilities have also resulted in substantial productivity improvements over the past six years and now generate total expense reductions of $300 million each year.

Packaging efficiencies, brewing yields and all of the other production efficiency measures continued to set new records in 1985. Employee commitment to productivity improvement was reflected in the highest participation rate in the Employee Suggestion Program since it began five years ago. The participation rate is almost twice the national average for such programs and resulted in $1 million worth of additional productivity improvement savings in 1985.

Without all of these productivity improvement efforts, it is estimated that more than $250 million in capital equipment would have been needed to meet current production requirements.

During 1985, in recognition of its continual search for new and better methods to reduce waste





and increase efficiencies, Anheuser-Busch, Inc. was awarded the prestigious "Excellence in Productivity Award" by the Institute of Industrial Engineers. In addition to this national award, the Williamsburg brewery received the U.S. Senate Productivity Award for its contribution to improving production in America.

As part of "The New A-BI," a number of task forces and numerous other employee groups have been formed to review all cost areas and cost reduction opportunities.

Products/Marketing Strategy

Beer uniquely fits contemporary lifestyles. The five hallmarks of beer as a consumer beverage are convenience, moderation, health, value and thirst-quenching properties. All of these attributes fit into the increasingly active, health-conscious lifestyle and family orientation of the American consumer. Anheuser-Busch, Inc.'s family of nine naturally brewed beers—plus its new imports—are positioned to take advantage of that fact.

Budweiser

Budweiser—Brewed and sold since 1876, Budweiser is the company's principal product and the largest selling beer in the world. More than half of the premium-priced beer sold in the U.S. is Budweiser. The brand's highly successful "This Bud's For You" campaign was modified in 1985 to further increase consumer impact. The "salute" aspect has been enhanced by recognizing workers for doing their jobs to the best of their abilities, thereby "Making America Work."

Michelob—First introduced as a draught product in 1896, Michelob continues to dominate the super-premium category as it celebrates its 90th anniversary.

Busch—Busch has been repositioned in terms of price in some markets where "price beers"—beers at the low end of the price spectrum—have a high market share. However, Busch competes at the upper end of this "popular" price category. The brand was also expanded to Chicago, southern Wisconsin, North and South Dakota, and parts of Minnesota in 1985. It is now available in all or part of 37 states. The highly successful western theme continues to be used in Busch's creative executions.

Bud Light—1985 was an excellent year for Bud Light, which enjoyed exceptional sales increases. The humorous bar call campaign in which consumers are told to ask for a Bud Light—not just any light—continued to generate new Bud Light drinkers.

The Budweiser Clydesdales, introduced in 1933 to celebrate the repeal of Prohibition, have become one of the most recognizable product symbols in America.

Natural Light—Natural Light was also repositioned at the upper end of the "price" beer category in some markets to compete more effectively against low-price beers. The brand grew in 1985, and continued its humorous, food-related ad campaign.

Michelob Light—The first super-premium light beer continued its "You Can Have It All" lifestyle campaign, which tells consumers that they do not have to give up good taste to enjoy light beer.

Anheuser-Busch wholesalers don't deliver to the moon—yet. But they deliver to accounts everywhere else in the United States, including those in the vicinity of Maui's Haleakala Crater in Hawaii.

Michelob Classic Dark—The ultimate in dark beers, Michelob Classic Dark is available in draught and bottles nationwide.

LA Brand—Anheuser-Busch, Inc.'s reduced alcohol beer, introduced in 1984, provides an alternative to consumers who choose to be more moderate in their consumption of beer and other alcoholic beverages.

King Cobra—A naturally brewed malt liquor, King Cobra was expanded from test market in selected areas of the country into portions of 21 states and the District of Columbia.

Carlsberg—In late 1985 Anheuser-Busch, Inc. reached an agreement with United Breweries, Ltd. of Copenhagen, Denmark, to import and distribute Carlsberg lager beer and Elephant Malt Liquor to the United States. Carlsberg is the largest selling brand of beer in Denmark and is in a good position to capture a significant share of the U.S. import market. It will be distributed in major import markets throughout the U.S.

Expansion/Modernization

To meet continually increasing consumer demand for its products, Anheuser-Busch, Inc. has an ongoing expansion and modernization program. Expansion of the Houston, Tex., brewery was completed in 1985, providing approximately five million barrels of added capacity. Multi-million dollar modernizations continued at the St. Louis and Newark breweries. A "mini" expansion at the Merrimack, N.H., brewery, which will increase capacity there by 171,000 barrels annually, will be completed in early 1986.

In 1985, the Board of Directors authorized the necessary capital appropriations to complete work on the company's 12th brewery in Ft. Collins, Colo. When operational in the late 1980s, this brewery will have an annual capacity of five million barrels.

The first phase of construction—consisting of below-ground and ground-level work—will be completed in the spring of 1986.

Distribution

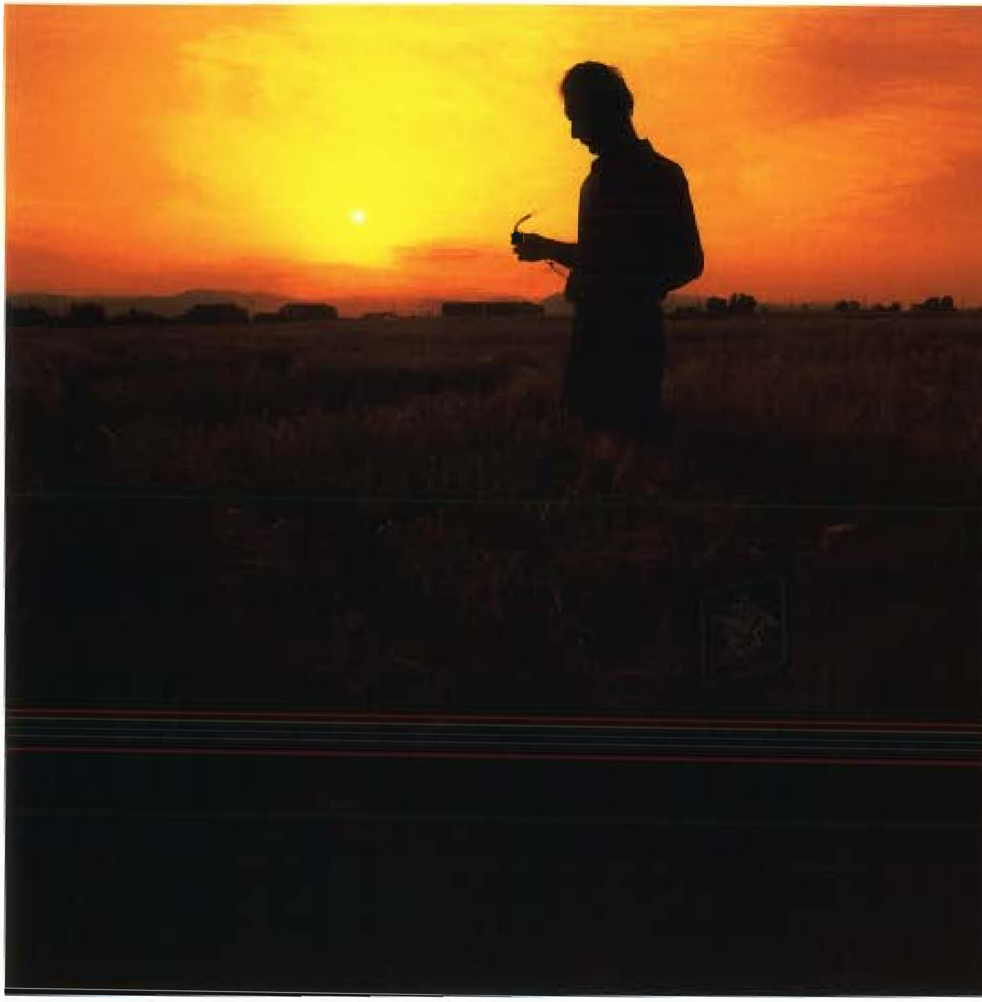
Anheuser-Busch, Inc. wholesalers and company-owned wholesale operations together provide the industry's most effective distribution system, setting standards of excellence and leadership for the industry with sophisticated and innovative operations and programs.

Approximately 950 independent wholesalers distribute Anheuser-Busch, Inc. beers throughout the U.S. under exclusive territory agreements, where legal. Recognizing the impor-

tance of having a strong wholesaler network, the company continually develops programs to help wholesalers improve their efficiency and profitability. In addition, the company also strongly supports the Wholesaler Advisory Panel, which is comprised of a cross-section of wholesalers who meet regularly with top management. The panel offers wholesalers and company management the opportunity to openly communicate about—and act upon—key company and industry issues.

The Wholesale Operations Division operates 10 company-owned distributorships. In 1985 the division had a successful year. A new office facility was opened to replace an existing one in Newark, N.J., and major renovations were completed at the Sylmar and Riverside, Calif., operations. The continuation of a major productivity improvement program resulted in cost savings of more than $1 million during the fiscal year.

In addition to their function as a profit center for the company, the wholesale operations are often a "testing" ground for programs that may be used by the company's independent distributors.



New varieties of barley are developed by Busch Agricultural Resources at its Colorado research facility.

Alcohol Abuse

The company closely monitors the social, political and legislative issues that can have a major impact on its operations. It continues to be concerned about the problems of alcohol abuse and driving while intoxicated and is actively seeking solutions through its various programs.

Operation ALERT is the company's grassroots program to address the issue. Based on the philosophy of Action and Leadership through Education, Responsibility and Training, it consists of a variety of programs designed to increase education and awareness of the problems associated with alcohol abuse among normally responsible consumers who may occasionally overindulge. Programs include "Know When To Say When," a grassroots effort to encourage responsible drinking; The Buddy System—a parallel educational campaign to "Know When To Say When"—designed for use among contemporary adults; support for community organizations, such as Students Against Driving Drunk (SADD); retailer education programs, such as Training and Intervention Procedures by Servers of Alcohol (TIPS); and ALERT Cab, a taxi program developed by Anheuser-Busch for use by wholesalers, retailers and cab companies. This program, which is being tested in a number of cities during holiday periods, offers patrons in public drinking establishments who are faced with a potential drunk driving situation a free taxi cab ride home.

In 1985, the company also developed TV moderation commercials to promote responsible consumption. These "Know When to Say When" TV spots, which feature San Diego Padres

first baseman Steve Garvey and Miami Dolphins quarterback Dan Marino, aired nationally during holiday periods. Other celebrity spokesperson spots are planned for 1986. This is the brewing industry's first network prime-time TV advertising campaign to promote responsible drinking.

BUSCH AGRICULTURAL RESOURCES, INC.

In 1985, this subsidiary continued to strengthen its capabilities to serve internal as well as external customers. Its two malt plants supply 32% of Anheuser-Busch, Inc.'s demand, and its rice mill can produce 20% of the milled rice needed in the company's beer production.

In order to strengthen quality control, Busch Agricultural purchased a previously leased grain elevator in West Fargo, N.D.. This elevator supplies quality malting barley to the subsidiary's malt plants. Recently completed capital improvements, including expanded railcar handling capability, enhance this facility's ability to supply a larger volume of quality barley.

In 1985, Busch Agricultural entered the barley seed business with the construction of a new seed processing plant in Moorhead, Minn. This plant began operating in December and supports the marketing of new varieties of barley that have been developed at the subsidiary's research facility in Colorado. The seed of these new varieties will be marketed to growers who produce malting barley for beer production.

The subsidiary also operates Nutri-Turf, Inc., which manages land application operations at Jacksonville, Fla.; Houston, Tex.; and Robersonville, N.C. These three operations produce high quality turf grasses for sale to landscapers and for use on golf courses.

Nutri-Turf has begun developing a new land application site near Jacksonville which will triple the land under turf production in Florida. With the completion of this site, Nutri-Turf will have doubled in size in the past two years.

Nutri-Turf in Houston demonstrated its ability to build new business by successfully contracting for 65% of the sod and sprigs for all new golf course construction in Texas. This accomplishment establishes Nutri-Turf as a major supplier in a highly competitive, quality conscious industry. Nutri-Turf has also supplied turf for use at the new Arnold Palmer-designed 18-hole golf course at Busch Properties' Kingsmill on the James in Williamsburg, Va.

Busch Agricultural will continue to pursue businesses that relate to its existing operations and which build on that base.

CONTAINER RECOVERY CORPORATION

Container Recovery Corporation was formed to provide a positive alternative to mandatory deposits and help reduce inflationary pressures on container costs. The subsidiary operates in 48 states and the District of Columbia and has three container recycling facilities—in Marion, Ohio; Nashua, N.H.; and Cocoa, Fla.

In 1985 Container Recovery Corporation became the largest aluminum recycler in the United States. It recycled more than 270 million pounds of aluminum, a 10% increase over 1984.

METAL CONTAINER CORPORATION

Metal Container Corporation, the company's container manufacturing subsidiary with plants in Arnold, Mo.; Columbus, Ohio; and Gainesville and Jacksonville, Fla., produced approximately four billion cans—one-third of Anheuser-Busch, Inc.'s requirements—and two billion lids in 1985.

In 1985, Metal Container was awarded its first commercial can supply contract. The subsidiary entered into a long-term supply agreement with Wis-Pak, a major Pepsi-Cola bottling cooperative and one of the largest purchasers of soft drink cans in the United States. This agreement is a reflection of Metal Container Corporation's diversification

Metal Container Corporation produced approximately four billion cans in 1985, which is one-third of A-B's total needs.

strategy and commitment to growth.

Construction began in mid-1985 on an Oklahoma City, Okla., lid manufacturing facility. This 80,000 square-foot plant will produce ecology-type lids with stay-on tabs. Production is scheduled to begin in early 1986. In addition, an expansion of the Gainesville lid plant was completed in late 1985.

Metal Container continues to be a technological leader in can manufacturing. A major modernization of the Arnold plant was completed in 1985, and this plant will be further expanded in 1986. The Jacksonville and Columbus can facilities are also scheduled for modernization. This modernization program will increase can-making line speeds at Metal Container Corporation to a level that compares favorably to any in the container industry.

ANHEUSER-BUSCH BEVERAGE GROUP, INC.

In 1985 the name of Anheuser-Busch, Inc.'s wine subsidiary was changed from Anheuser-Busch Wines, Inc. to Anheuser-Busch Beverage Group, Inc. The name change was made to better reflect the broadened scope of operations of this subsidiary, which is responsible for managing the market entry and growth of new, non-beer beverage products for Anheuser-Busch, Inc.

Current market conditions offer attractive opportunities for the company to expand its participation in the beverage industry. Overall per capita beverage consumption is up and there are particularly strong trends in certain beverage categories. For example, there is growing consumer demand for waters, juice-based and lower calorie beverages as a result of the continued interest in health and fitness.

In addition, this expansion is a good fit with Anheuser-Busch's exceptionally strong distribution system and allows the company to take advantage of this major corporate asset. Finally, the broadened scope of operations offers substantial profit opportunities.

Distribution of Master Cellars wines was expanded in 1985 beyond the initial California and Colorado test markets to Hawaii, Nevada, Missouri, Iowa, Washington, Oregon, Idaho and parts of Illinois. The product, which is packaged in stainless steel returnable kegs exclusively for on-premise draught use, is available in Dry Chablis, Classic Chablis, Vin Rose and Burgundy, with White Zinfandel available in limited markets.

Baybry's, a first-of-a-kind champagne-based cooler, was introduced in the fourth quarter into six western states as well as the St. Louis metropolitan area. Baybry's is available in four flavors—Citrus, Kir Royale (Creme de Cassis), Chamberry (cranberry) and Mimosa (orange).

Baybry's is positioned to take advantage of the growing popularity of wine coolers. The wine cooler segment had sales of more than $320 million in 1985, more than double '84 sales.

The Beverage Group's first entry in the bottled water category is Saratoga, a sparkling mineral water that is sold in the northeastern part of the U.S. Located in Saratoga Springs, N.Y., the brand was acquired by the Anheuser-Busch Beverage Group in the fourth quarter of 1985.

A flavored, sparkling mineral water, à Santé, was acquired in early 1986. Available in orange, lemon, lime, cherry, cola and root beer, à Santé is distributed primarily in the western part of the U.S.

ANHEUSER-BUSCH INTERNATIONAL, INC.

Anheuser-Busch International, Anheuser-Busch Companies' international licensing and marketing subsidiary, was formed in 1981 to explore and develop markets outside the U.S. The world beer market, more than 3.5 times as large as the U.S. market, offers excellent opportunities for future sales growth.

"Innovation" and "expansion" describe the activity in the subsidiary's international markets in

Anheuser-Busch broadened its participation in the beverage industry with the introduction of Saratoga and à Santé mineral waters and Baybry's champagne cooler.

1985, where Budweiser is brewed locally and distributed through local brewers under special licensing agreements.

In Canada, Budweiser is brewed and distributed by Labatt Brewing Company, Ltd., the largest brewer in Canada. Budweiser remained one of the 10 largest brands in Canada and became the leading Labatt brand in Alberta. In addition, Labatt imported almost 20% more Michelob in 1985 than in the previous year.

Locally brewed Budweiser completed a highly successful introductory year in London and the southeast part of the United Kingdom. It was expanded nationally in mid-1985 in cans and bottles, and approximately 30 percent of the country now has Budweiser draught as well. Michelob continued to grow as an import in the United Kingdom and will be distributed nationally in selected on- and off-premise accounts in 1986 by Anheuser-Busch's licensed partner in that country, Watney Mann & Truman Brewers, Ltd.

Locally brewed Budweiser is currently Japan's most dynamic brand, with sales up 20% in a static-to-down market. It is outselling the second largest international brand 3.5 to 1 and holds 52% of the international brands category. It is now Japan's fifth largest selling beer.

Budweiser draught was introduced by Suntory Limited in key high-volume contemporary adult accounts in Tokyo and Osaka in 1985. Distribution of packaged Budweiser was expanded to major provincial cities and to traditional Japanese restaurants and other outlets in Tokyo and Osaka. An appearance by a two-horse Clydesdale hitch and wagon at the Tsukuba International Exposition was so successful that the hitch will remain in Japan permanently.

In other international markets, Budweiser brewed by the National Brewery Limited in Israel increased its market share to 7%.

Export Market

In Japan, Suntory added Bud Light and Michelob Light to its import brands, and Bud Light enjoyed instant success and acceptance. Budweiser has been introduced in Egypt, Liberia and Panama. And in Europe, Michelob is being selectively distributed in key cities. During 1985 distribution was expanded in London and initiated in Paris and Geneva with good initial results. In Micronesia, Budweiser continued as the leading brand, increasing its already dominant market share.


Colonial

"Quality is a pervasive and fundamental element in everything Anheuser-Busch does, from brewing to baking."

Jerry E. Ritter, Vice President and Group Executive

CAMPBELL TAGGART, INC.

Campbell Taggart, Inc. is a highly diversified food products company with operations in bakery products and refrigerated and frozen foods. Its bakery products are produced and distributed in about 40% of the United States, as well as in France and Spain.

The company exceeded expectations in 1985 in all major business segments. Performance was substantially improved over 1984, led by a sales increase in branded bakery products.

During 1985, the company continued its major capital expenditure program to modernize facilities and increase productivity. In addition, new, quality differentiated products were introduced to satisfy changing consumer demands.

Bakery Operations

Campbell Taggart's bakery division accounted for 72% of the company's sales. Capacity and efficiencies at bakeries in St. Louis, Mo.; Denver, Colo.; Charlotte, N.C.; and Oakland and Sacramento, Calif., were increased in 1985 as a result of modernizations completed at these facilities. Additional projects are underway in Oklahoma City, Okla., and Little Rock, Ark.

Distribution of Grant's Farm Bread was expanded from five to 15 markets in 1985 due to wide consumer acceptance. Introduced in 1984, the brand is available in five varieties.

In 1985, the company's new Family Recipes line of bread was introduced to all Campbell Taggart markets. It is available in four varieties—Honey-Buttered Split Top White and Split Top Wheat, Wheat and Honey Grain—under the Colonial/Rainbo/Kilpatrick's brand names. The new breads combine the soft, smooth texture of Colonial, Rainbo and Kilpatrick's

Campbell Taggart's bakery products are produced and distributed in about 40% of the U.S.

breads with natural grain goodness without the use of artificial preservatives. They provide an alternative product for the increasing number of consumers who seek greater variety in baked products.

Capitalizing on the popularity of croissants, the company also introduced Sandwich Croissants under the Rainbo/Colonial/Kilpatrick's brand names. The croissants have received excellent initial consumer acceptance.

In addition, Campbell Taggart introduced Brown and Serve French Bread under the International Hearth/Earth Grains label in all its markets except those in California. This product is the first of its kind on the market. Normally, French bread has a shelf life of only one day. Campbell Taggart's product has all the characteristics of authentic, high-quality French bread with the added convenience of longer shelf life and stability.

Quality control checks at Campbell Taggart ensure that all products conform to the subsidiary's standards of excellence and consistency.

In 1985, Campbell Taggart exceeded expectations in all business segments and introduced a number of new products.

Finally, Roman Meal Light bread was successfully introduced in 1985. Campbell Taggart is the largest baker of this franchise brand, baking it in 30 of its 50 markets. Roman Meal Light is targeted toward calorie-conscious consumers.

Campbell Taggart supports all of its products with extensive advertising and promotions. Its "Iron Kids" program, for children 8-14 years old, was introduced in 1985 in five test markets. The program involves in-store promotion keyed to a series of triathlons for children. The "Iron Kids" National Championship was aired by ESPN in November of 1985.

Refrigerated Products

Campbell Taggart is the largest manufacturer of private label refrigerated dough products in the U.S.

In 1984, the company introduced a specialty private label bread loaf under the "Hot 'N' Fresh" line. In 1985, breadsticks were added to this line.

In addition, Merico Classics—a line of refrigerated danish products—was also introduced.

In addition to bread, Campbell Taggart also produces a variety of other baked and refrigerated products.

El Charrito is the market leader in frozen Mexican food sales within its sales area, and third overall in the U.S.

Frozen Foods

El Charrito, a distinctive line of frozen Mexican foods, was reformulated in 1984 and re-introduced to the market in 1985. The line features 25 separate items and is supported with newly designed packaging, promotions and advertising. El Charrito is the market leader in frozen Mexican food sales within its sales area and third overall in the U.S.

International

Campbell Taggart's Spanish subsidiary, Bimbo, S.A., remained the largest commercial baker in Spain. A new bakery in Almansa came on stream in early 1985. Europate, the company's French subsidiary, continued to produce frozen and refrigerated dough products. Late in 1985, Campbell-Taggart acquired Le Pain Turner S.A., the second largest commercial baker in France, with bakeries near Paris and Marseilles.

Other

In 1985, five additional Old America Stores were opened, bringing the total to 13. These stores sell imported and domestic decorating and craft merchandise.

Campbell Taggart's folding carton packaging division continued to produce folding cartons for sale to other Campbell Taggart divisions and outside customers.

Eagle Snacks' line of Honey Roast$_{TM}$ nuts enjoyed exceptional consumer acceptance during 1985, prompting a national roll-out and the initiation of test marketing in Canada and Japan.

EAGLE SNACKS, INC.

Eagle Snacks, Inc., the company's snack food subsidiary, produces a line of premium snack and nut items under the Eagle Snacks brand name.

In 1985, Eagle Snacks, Inc. continued to grow through penetration of the consumer market in existing sales territories; expansion of the Honey Roast$_{TM}$ nut line to the majority of the U.S.; and the acquisition of the Cape Cod Potato Chip Company, a regional chip company that markets old-fashioned, kettle-cooked chips in the Boston, Mass., area.

The Cape Cod brand has been successful in achieving a large share of the market in the Boston marketing area. In mid-1985 the product was also successfully introduced into other New England cities. A new production facility was completed in late 1984 and will be expanded in 1986 to satisfy the demand created for the product as a result of increased market penetration.

The plant, which is located in Hyannis, Mass., is open to the public year-round for tours. It is still operated by its founder, Steve Bernard, and the product specifications have been maintained at their previous high standards. Visitors to the plant can observe the unique chipping process.

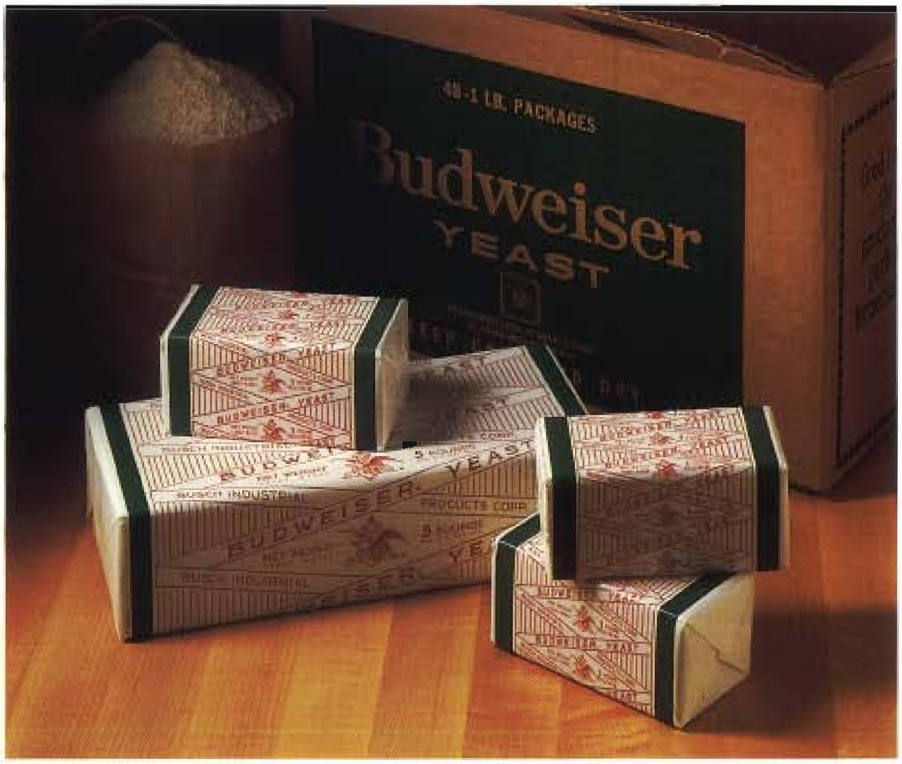
The sales performance for the Eagle Snacks line in existing markets has been strengthened with the rollout of the Hawaiian Kettle$_{TM}$ and Russet Valley$_{TM}$ potato chip brands after successful test marketing. These unique chips are kettle cooked and provide the consumer with a product that is differentiated from conventional chips in terms of both texture and taste.

In response to overwhelming consumer acceptance in markets where it was available, the Honey Roast$_{TM}$ nut line was rolled out nationally in 1985. Sales in the new areas have exceeded expectations, and additional capacity is planned to meet the growing demand.

Consumer acceptance of the Honey Roast$_{TM}$ nut line is not limited to the domestic market. Numerous inquiries are received regarding export and licensed production plans. Eagle Snacks are now being test marketed on a limited basis in Canada and Japan.

As sales for Eagle Snacks increase, additional funds have been invested to increase production capacity. A new Eagle Snacks production facility will be located in Fayetteville, Tenn., and is expected to begin supplying snacks to the retail market by January 1987.

Eagle Snacks are distributed by Anheuser-Busch beer wholesalers, by Campbell Taggart, Inc. (Anheuser-Busch Companies' baking subsidiary) and by company-owned branches.



Anheuser-Busch began producing baker's yeast during Prohibition, and today Busch Industrial Products produces almost 50% of all baker's yeast in the U.S.

BUSCH INDUSTRIAL PRODUCTS CORPORATION

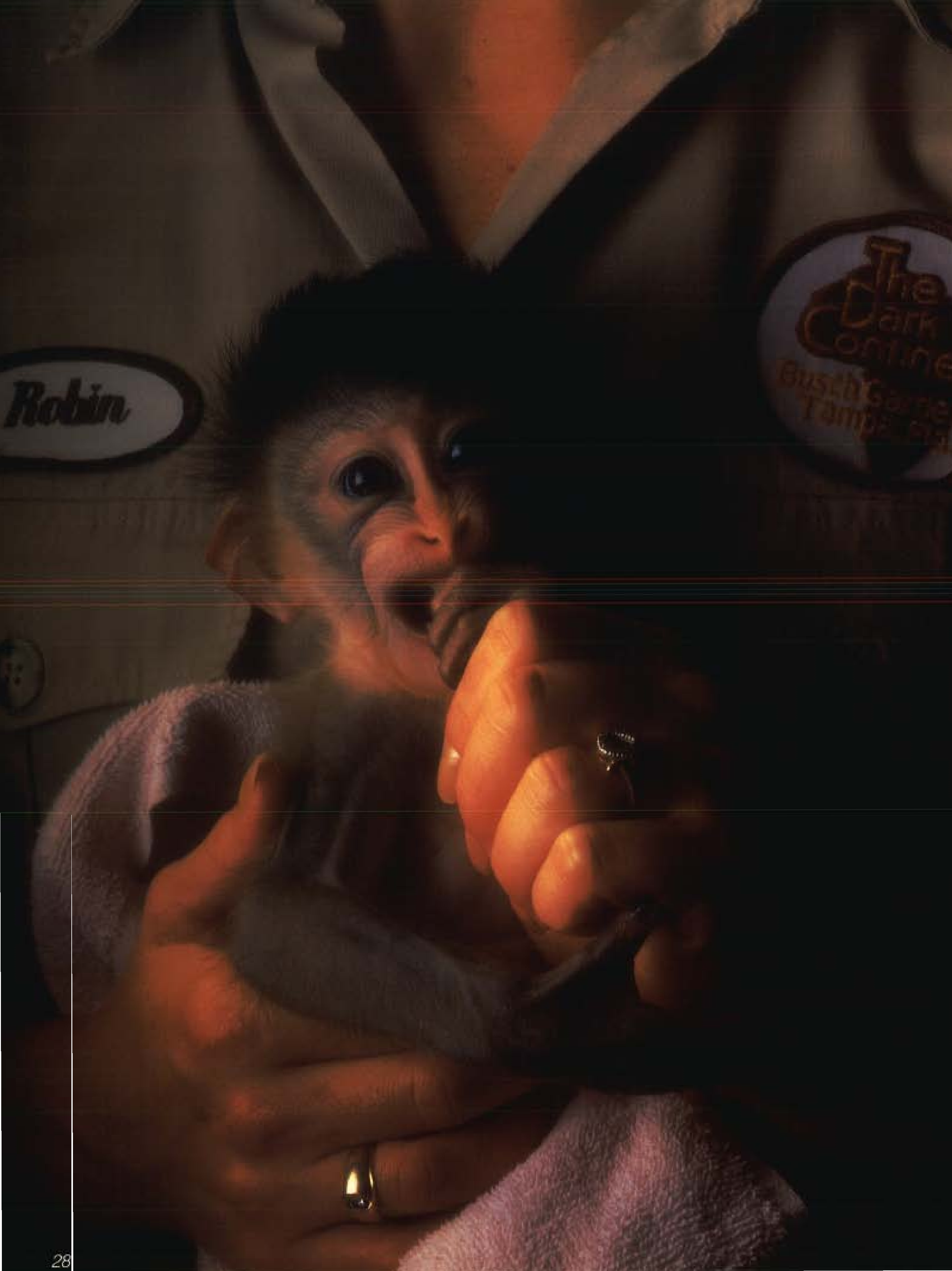
In 1985, Busch Industrial Products Corporation continued its solid sales and profit performance, and remained the leading producer and marketer of compressed yeast in the United States.

The subsidiary produces baker's yeast in St. Louis, Mo., Old Bridge, N. J. and Bakersfield, Calif. Its continued growth in yeast products is based on a strong association with the U.S. baking and food industries. Busch Industrial Products continues to emphasize cost control and productivity programs in its plant operations. A 20% capacity expansion and modernization of the St. Louis Yeast Plant is expected to be completed in early 1986.

The installation of a bio-energy waste treatment system was completed at the Old Bridge plant in 1985. The new waste treatment system is designed to reduce energy costs and improve waste disposal efficiency.

The Bakersfield plant produced record quantities of baker's yeast in 1985. Its land application system for waste disposal completed its second successful year of operation. The system uses the nutrient value of plant effluent to grow alfalfa at a ranch near the plant.

Busch Industrial Products produces a range of autolyzed yeast extracts (AYE) in its St. Louis facility. These products are primarily used as flavor enhancers in the food processing, fermentation and snack food industries. Strong market demand, especially in the fermentation industry, helped keep the plant operating at capacity in 1985. Sales continued to be strong for Budweiser Autolyzed Yeast (BAY), a high protein product used by the meat industry.


Robin
The
Dark

"We intend to adapt our proven management and production abilities to expand our horizons into areas previously uncharted by Anheuser-Busch."

August A. Busch III,
Chairman of the Board
and President

The Dark Continent, Busch Entertainment's Tampa, Fla., theme park, ranks among the top four zoos in the U.S. with more than 3,000 birds, mammals and reptiles on display.

BUSCH ENTERTAINMENT CORPORATION

Busch Entertainment Corporation, the Anheuser-Busch Companies' family entertainment subsidiary, enjoyed increased revenues in 1985.

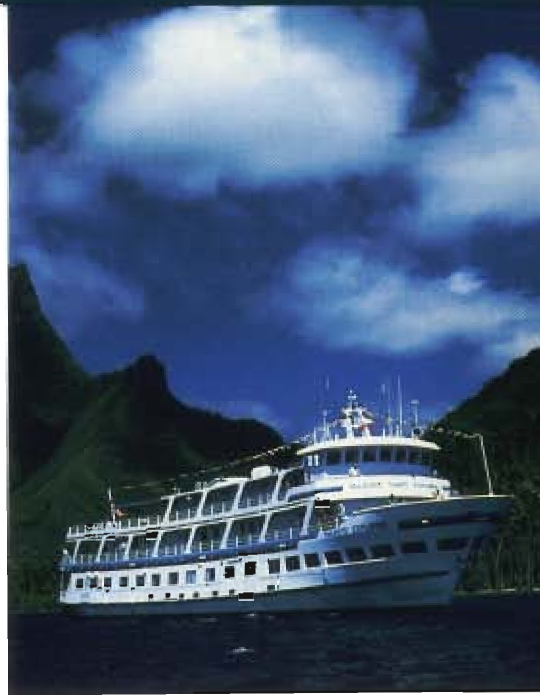
In 1985 "America on Ice," an indoor ice show that is a tribute to Olympic skater and gold medalist Scott Hamilton, was introduced at Busch Gardens in Williamsburg, Va. (The Old Country). Attendance at the park increased for the second consecutive year to 2.05 million visitors, up 4.5% from 1984. The Old Country remains the top paid tourist attraction in Virginia.

Attendance at Busch Gardens in Tampa, Fla. (The Dark Continent) increased slightly in 1985 over the previous year. More than 2.9 million people visited the park. During 1986, the park will add several new zoo exhibits. The popular and unique animal nursery will also be renovated and upgraded.

Adventure Island, the subsidiary's water park which is adjacent to Busch Gardens in Tampa, had its third consecutive record year. "The Everglides," a water sled ride, was introduced in 1985 and quickly became a popular attraction. It also helped increase attendance from local residents.

Busch Entertainment owns and operates Sesame Place, an action-oriented play park for children ages 3-13. It is based on the popular Sesame Street children's show. Located just north of Philadelphia, the park successfully introduced new water flumes and slides in 1985, which helped increase attendance by 2.1%. In 1985 the park celebrated its fifth anniversary.

In 1985 Busch Entertainment acquired a majority interest in Exploration Cruise Lines, Inc., a Seattle, Wash., based cruise line offering cruises to such destinations as Alaska, Panama, Mexico, Tahiti, Costa Rica, and on some major rivers in the American West. The line's unique, shallow-draft, "Explorer Class" vessels are able to travel to places that big ships cannot reach.



Exploration Cruise Lines was acquired by Busch Entertainment in 1985 and offers cruises to such destinations as Alaska, Panama, Mexico and Tahiti.

Following the acquisition, an additional ship was purchased by Exploration Cruise Lines, bringing the total number of vessels in the fleet to six. The new ship will cruise in the Caribbean and off the New England coast. This addition is the first in a series of planned fleet and destination expansions for the line.

The cruise industry has become a major growth segment in the leisure time industry and represents an excellent diversification opportunity for Busch Entertainment.

BUSCH PROPERTIES, INC.

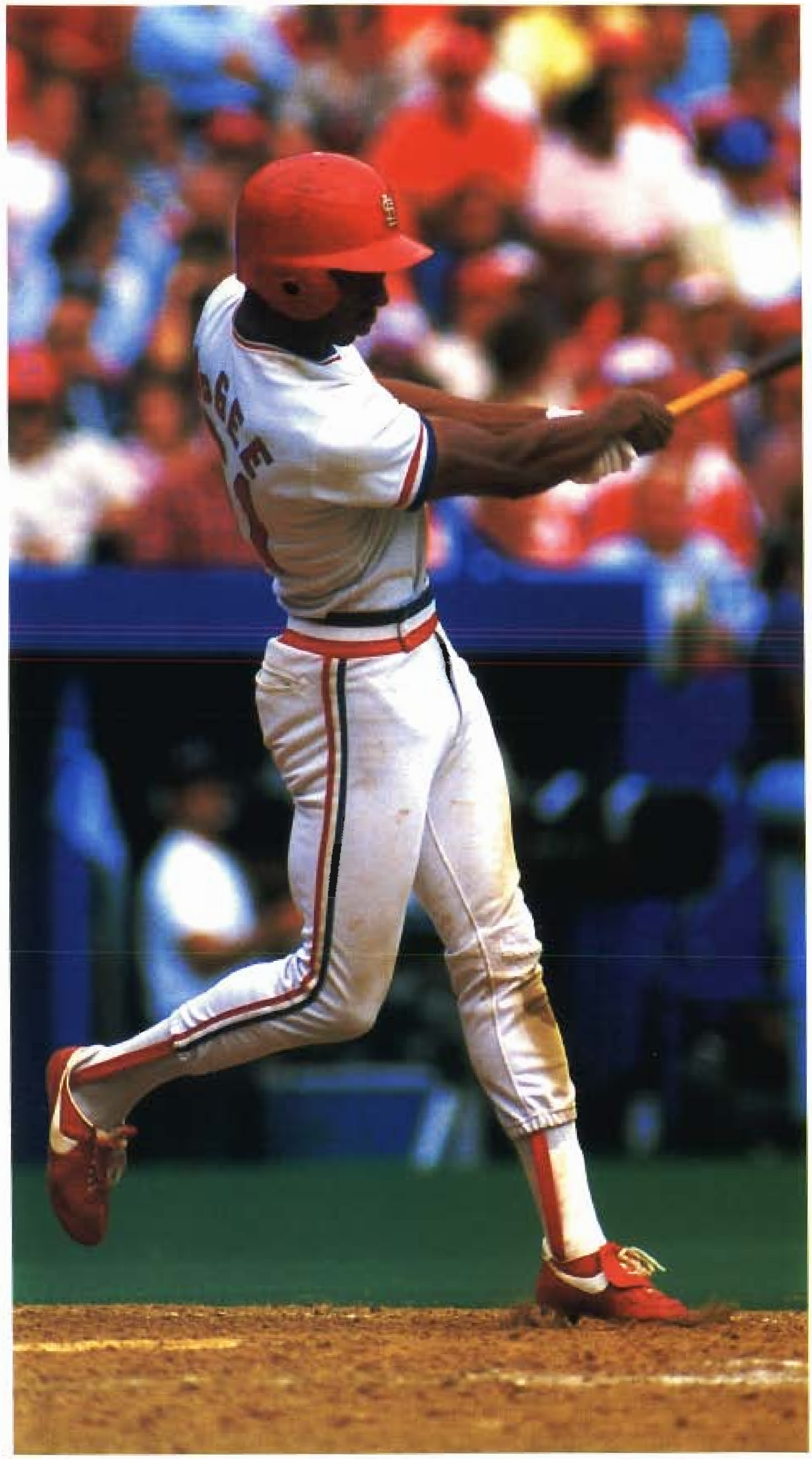
Busch Properties, Inc., the company's real estate development subsidiary, had another profitable year with record sales of single-family homesites, townhouses and golf villas at Kingsmill on the James in Williamsburg, Va. The fourth phase of golf villas at this development sold out in 1985 and a fifth phase is now under construction. Operation of the rental program for the golf villas continues to be extremely successful.

The annual Anheuser-Busch Golf Classic was held on Kingsmill's existing 18-hole golf course in July. Construction of a new 18-hole golf course designed by Arnold Palmer was completed in 1985. The grand opening for that course is scheduled for April of 1986.

A new convenience center—a group of small shops and services such as grocery stores, cleaners, etc., that cater to household needs—opened at the Williamsburg Busch Corporate Center in 1985. The Columbus, Ohio, and Fairfield, Calif., Busch Corporate Centers continued to suffer from weak markets in both areas. A new highway interchange is now under construction at the Fairfield location, which will give the center more highway frontage and make it more accessible, thereby enhancing marketability.

ST. LOUIS NATIONAL BASEBALL CLUB, INC.

The St. Louis Cardinals, the company's major league baseball subsidiary, had an excellent year in 1985. The team chalked up 101 regular season victories to finish first in the National League's Eastern Division, then won the league title over the Los Angeles Dodgers in a six-game



Through the efforts of team members such as Willie McGee, the Cardinals finished the 1985 season in first place in the National League's Eastern Division.

An all-time attendance record of 3.8 million was set at Civic Center's Busch Stadium, located in downtown St. Louis.

Vince Coleman, National League Rookie of the Year, stole 110 bases during the season.

playoff series. The Cardinals lost the World Series four games to three to Kansas City, but finished the season with a victory total of 108 games—the highest in the major leagues in 1985.

Regular season paid attendance was 2.6 million, exceeding the previous attendance record by 300,000. All six of the post-season games at Busch Stadium were sell-outs.

A number of team members were honored for outstanding performances in 1985. Willie McGee was the National League's leading batter and Most Valuable Player; pitchers John Tudor and Joaquin Andujar each won 21 games; Whitey Herzog was named Manager of the Year by the Associated Press and the Baseball Writers of America; Vince Coleman, who stole 110 bases during the season, was named National League Rookie of the Year; and Jack Clark, Tommy Herr, Ozzie Smith and Willie McGee were named to the All-Star team.

In mid-summer, three of the four new inductees into Baseball's Hall of Fame in Cooperstown, N.Y., were former Cardinals—outfielders Lou Brock and Enos Slaughter, and pitcher Hoyt Wilhelm.

CIVIC CENTER CORPORATION

Busch Stadium, Civic Center's major downtown St. Louis property, enjoyed an exceptionally good year in 1985. An all-time attendance record of 3.8 million was set at the stadium. This was due in large part to high baseball attendance during the regular season and to the baseball Cardinals being in the National League playoffs and the World Series.

In addition to Busch Stadium, Civic Center Corporation owns various other downtown St. Louis properties, including four parking garages adjacent to or near the stadium and 2-3/4 undeveloped downtown city blocks.

Anheuser-Busch's transportation group—St. Louis Refrigerator Car Company and Manufacturers Railway—provides rail services to Anheuser-Busch and to outside customers.

BUSCH CREATIVE SERVICES CORPORATION

The company's business communications subsidiary continued its growth trend in 1985, ending the year with record sales and profits. The growth was achieved primarily by increased sales to outside clients, expanded services to Anheuser-Busch and the acquisition of Innervision Productions, Inc., one of the Midwest's finest video production facilities. Busch Creative Services also expanded its production capabilities with the addition of a computergraphics system.

Among the many projects executed for an expanded client base in 1985 was the completion of a visitor center for Sears, Roebuck and Company in the Sears Tower, Chicago.

Busch Creative Services was recognized with a number of awards for the company's multi-image, sales promotion and video work in 1985. Among these was the American Film Festival Blue Ribbon Award for its production of "Hero Steet, U.S.A.," a video documentary.

ST. LOUIS REFRIGERATOR CAR COMPANY

St. Louis Refrigerator Car Company, a transportation subsidiary, provides commercial repair, rebuilding, maintenance and inspection of railroad cars at facilities in Missouri, Illinois and Texas. This profitable subsidiary also operates a fleet of 525 insulated and cushioned railroad cars used exclusively for the transportation of Anheuser-Busch, Inc. beers.

MANUFACTURERS RAILWAY COMPANY

Manufacturers Railway Company provides terminal rail switching services to St. Louis industries and operates a fleet of railcars which are used by the company and other shippers. In addition, its subsidiaries furnished truck cartage and warehousing services at several brewery locations. Manufacturers Railway also owns and operates a 17,000-ton molasses terminal on the Mississippi River. This terminal receives barge shipments of molasses for use by another Anheuser-Busch Companies' subsidiary, Busch Industrial Products Corporation, at its St. Louis yeast plant .

The subsidiary had a profitable year in 1985, improving its performance over the previous year.

Joint Venture

INTERNATIONAL LABEL COMPANY

International Label Company is a joint venture between Illochroma International, S.A., of Brussels, Belgium, and Metal Label Company, a wholly owned subsidiary of Anheuser-Busch Companies. International Label specializes in the production of metalized labels, and in 1985 it produced more than five billion of these high-quality labels using the latest technology in the rotogravure printing industry.

ANHEUSER-BUSCH
COMPANIES, INC.

1985 FINANCIAL REVIEW

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

Operations

This discussion summarizes the significant factors affecting Anheuser-Busch Companies, Inc. operating results and financial condition during the past three years. Additional information concerning the company's operations and financial condition is contained in the Letter to Shareholders and Operations Review sections of this report. All per share amounts reflect the June 14, 1985 three-for-one stock split.

Sales

Anheuser-Busch Companies, Inc. achieved record gross sales during 1985 of $7.68 billion, a 7.3% increase over 1984 gross sales of $7.16 billion. Gross sales for 1983 were $6.66 billion, a 28.4% increase over 1982. Gross sales include federal and state beer excise taxes of $683.0 million in 1985 and $657.0 million in 1984. Net sales were a record $7.00 billion, an increase of $500.0 million over 1984 net sales of $6.50 billion. The growth in sales reflects the increases in beer sales volume and revenue per barrel, the increasing sales of the company's other subsidiaries and the acquisition of Campbell Taggart, Inc. on November 2, 1982.

In 1985, an all-time industry record of 68.0 million barrels of beer were sold. This represents an increase of 4.0 million barrels or 6.3% over 1984 beer volume of 64.0 million barrels and follows volume gains of 3.5 million barrels in 1984 and 1.4 million barrels in 1983, which represented increases of 5.8% and 2.4%, respectively. During the same periods, revenue per barrel has increased 2.4%, 2.5% and 6.1%. During 1985, Anheuser-Busch, Inc., the company's brewing subsidiary, increased its lead over its nearest competitor from a record 26.5 million barrels in 1984 to a record 30.9 million barrels in 1985.

Cost of products sold

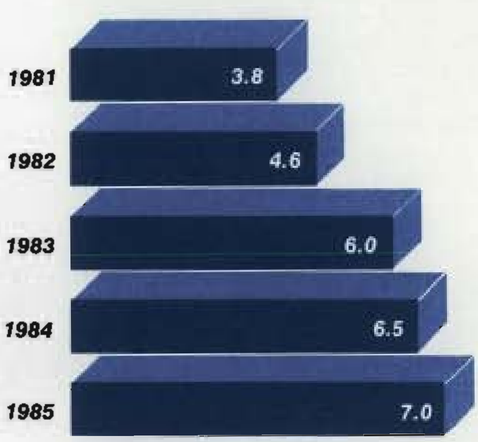
Cost of products sold for 1985 was $4.68 billion, a 5.9% increase over the $4.41 billion reported for 1984. This increase follows a 7.3% and 23.5% increase in 1984 and 1983, respectively. The large increase in 1983 expense primarily results from the inclusion of Campbell Taggart cost of goods sold for the full year. The increases for 1984 and 1985 are primarily related to higher beer sales volume. During the past three years, the company has also experienced higher costs for materials, energy and utilities, payrolls, supplies, depreciation, insurance and taxes.

As a percent of net sales, cost of products sold has declined during the past three years from 68.2% in 1983 to 67.9% in 1984 to 66.8% in 1985.

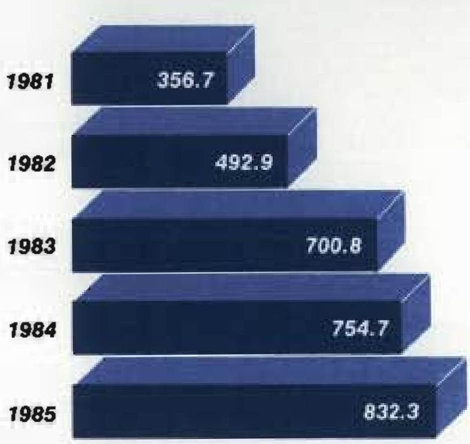
Marketing, administrative and research expense

Marketing, administrative and research expenses for 1985 were $1.49 billion, an increase of 12.0% over 1984. This increase compares to increases of 9.2% for 1984 and 62.3% for 1983. The significant increase in 1983 expenses primarily results from the inclusion of Campbell Taggart expenses for the full year. These expenses have increased over the past three years as a result of the higher level of sales activity, introduction of new beer brands and new bread products, entering international markets, and diversification into new products and new ventures. Areas signifi-

Net Sales
(In billions of $)



Operating Income
(In millions of $)



cantly affected by these factors since 1982 include media advertising, point-of-sale material, developmental expenses associated with new advertising and marketing programs for established products as well as new products; operating expenses of company-owned wholesale operations; payroll and related costs; business taxes; depreciation; supplies; and general operating expenses. In addition, the increase in the price of the company's common stock has resulted in higher expenses relating to stock appreciation rights (SAR's) granted under the company's 1981 non-qualified stock option plan.

Taxes and payroll costs

Taxes applicable to 1985 operations (not including the many indirect taxes included in materials and services purchased) totaled $1.17 billion and highlighted the burden of the taxation on the company and the brewing industry in general. Taxes for 1985 increased $70 million or 6.8% over 1984 taxes of $1.10 billion. This increase follows increases of 7.3% in 1984 and 16.6% in 1983 and results principally from increased beer excise taxes related to higher sales volumes and higher income taxes related to the company's increased earnings level.

Payroll costs during 1985 totaled $1.55 billion, an increase of $120 million or 8.4% over 1984 payroll costs of $1.43 billion. This increase follows a 5.7% increase in payroll costs in 1984 over 1983 and a 58.3% increase in 1983 over 1982. The increases in payroll costs reflect the addition of Campbell Taggart in November 1982, and the effect of normal increases in salary and wage rates and benefit costs.

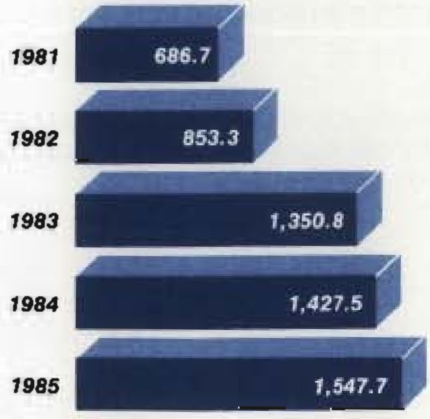
Salaries and wages paid during 1985 totaled $1.26 billion. Pension, life insurance and welfare benefits amounted to $188.2 million and payroll taxes were $96.2 million. Employment at December 31 1985, was 39,769 compared to 38,461 at December 31, 1984.

Total Taxes Paid

(In millions of $)

Total Payroll Cost

(In millions of $)



Operating income

Operating income, the measure of the company's operating performance before interest costs, other expense and non-recurring items, was $832.3 million in 1985, a $77.6 million increase or 10.3% over 1984. Operating income as a percent of net sales was 11.9% in 1985 as compared to 11.6% in 1984 and 1983.

Net interest cost

Net interest cost, or interest expense less interest income, before capitalization of interest, was $72.1 million in 1985, a decrease of $7.8 million when compared to 1984 net interest costs of $79.9 million. The decrease in net interest costs in 1985 as compared to 1984 is due primarily to the retirement in November 1984 of the $100 million, 16-1/2% Eurodollar Notes and the retirement in November 1985 of the $100 million, 9.9% Notes. This decrease in interest expense was partially offset by the issuance in 1985 of $48.9 million, 8% Dual Currency Notes and $100 million, 11-1/8% Eurodollar Notes. The decrease in 1984 net interest cost compared to 1983 net interest cost of $98.9 million is due primarily to reductions in long-term debt and increased income due to the availability of additional cash for investment.

Net income

Net income for 1985 was $443.7 million, an increase of 13.3% compared with $391.5 million for 1984. Earnings per share of common stock for 1985 were $2.84, an increase of 15.0% compared with $2.47 for 1984.

Net income for 1984 represented an increase of 12.5% over 1983 net income of $348.0 million. Earnings per share in 1984 were $2.47, an increase of 13.8% compared to the $2.17 per share earned in 1983.

The effective tax rate was 43.2% in 1985 and 1984 and was 43.5% in 1983.

Financial Position

Liquidity and capital resources

The company's primary sources of liquidity are cash provided from operations and external committed debt facilities. Information on the company's cash flow sources and uses for the past three years is set forth in the Consolidated Statement of Changes in Financial Position on page 44 of this report.

Working capital at December 31, 1985 was $127.7 million as compared to 1984 working capital of $80.3 million. The working capital ratio was 1.2 to 1 at December 31, 1985, 1.1 to 1 at December 31, 1984 and 1.2 to 1 at December 31, 1983.

In May 1985 the company issued at par $100 million, 11-1/8% Eurodollar Notes due 1993 and in September 1985 issued $48.9 million, 8% Dual Currency Notes. The Dual Currency Notes have a redemption price in 1995 of $55.3 million. Finally, during November 1985 the company redeemed at par all of its $100.0 million, 9.90% Notes due 1986.

During 1984, the company redeemed all of its $100 million, 16-1/2% Eurodollar Notes due 1988. Pursuant to the early call provisions of the Notes, the redemption price was 101.5% of the principal amount, or $101.5 million. Internally generated funds were used for the redemption. In addition, during 1984 the company acquired for $20.6 million the minority interest in the consolidated subsidiaries of Campbell Taggart.

During the next five years, the company plans an extensive program of capital expenditures designed to take advantage of growth opportunities for its beer, food products and other businesses. Cash flow from operations will provide the principal source of funds to support these capital investments. However, a capital investment program of this magnitude may require external financing from time-to-time. The nature and timing of external financing will vary depending upon the company's evaluation of existing market conditions and other economic factors.

In addition to its long-term debt financing, the company has access to the short-term capital market utilizing its bank credit agreements and commercial paper to finance short-term working capital requirements and as a bridge to permanent financing of capital investments. The company has formal bank credit agreements which provide for maximum borrowing of $500.0 million. These agreements, the details of which are discussed in Note 3 to the Consolidated Financial Statements, provide the company with immediate and continuing sources of liquidity.

The company's ratio of total debt to total debt plus equity was 25.9%, 27.2% and 31.9%, at December 31, 1985, 1984, and 1983, respectively. This percentage has been calculated by including convertible redeemable preferred stock as part of equity because it is convertible into common stock and trades primarily on its equity characteristics.

Capital expenditures

The company has a formalized and intensive review procedure for all capital expenditures. The most important measure of acceptability of a capital project is its projected discounted cash flow return on investment.

Net Income/ Dividends on Common Stock

(In millions of $)

Net Income

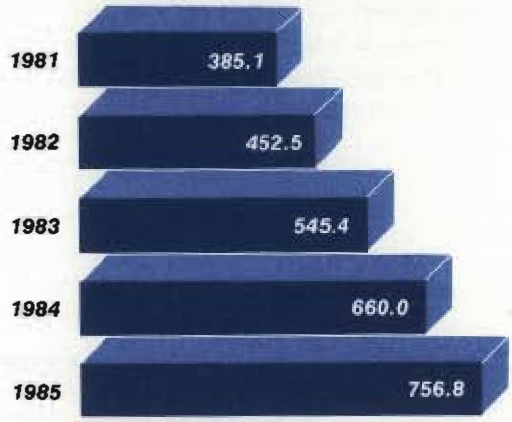
Dividends

*Excludes nonrecurring, after-tax gain of $13.3 million on sale of Lafayette plant.

Amount Provided for Expansion*

(In millions of $)

*Working capital provided by operations less dividends.



Capital Expenditures/ Depreciation and Amortization

(In millions of $)

Capital Expenditures

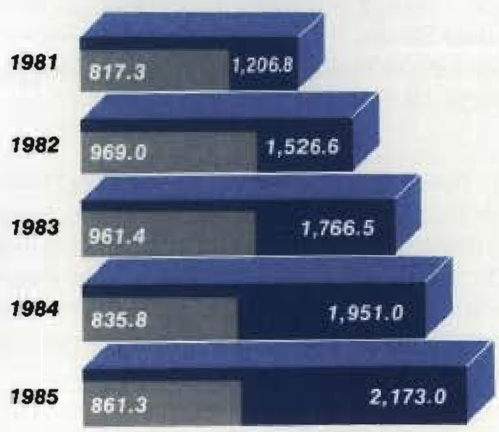
Depreciation and Amortization

Shareholders Equity/Long-Term Debt

(In millions of $)

Shareholders Equity

Long-Term Debt



Capital expenditures in 1985 amounted to $601.0 million as compared with $519.2 million in 1984. During the past five years, capital expenditures totaled $2.3 billion.

Capital expenditures for 1985 for the company's beer and beer related operations were $429.9 million. Major expenditures by the company's brewing subsidiary include the expansion of the Houston, Tex., brewery, the construction of the Fort Collins, Colo., brewery and numerous modernization projects designed to improve productivity at all breweries. Major capital investments were made by Metal Container Corporation for the construction of a second lid plant in Oklahoma City, Okla. This plant is scheduled to begin production in early 1986. In addition, Metal Container completed an expansion of its Gainesville, Fla., lid plant and completed a major modernization of its Arnold, Mo., can plant during 1985.

The remaining 1985 capital expenditures totaling $171.1 million were made by the company's food products and diversified operations. Major expenditures include numerous Campbell Taggart, Eagle Snacks and Busch Industrial Products modernization and productivity improvement programs as well as new Busch Entertainment attractions. Also, due to the national rollout of certain Eagle Snacks products during 1985, the subsidiary plans to construct an additional production facility in Fayetteville, Tenn. This facility is expected to begin supplying snacks to the retail market by January 1987.

The company expects its capital expenditures in 1986 to approximate $650.0 to $700.0 million. Capital expenditures during the five year period 1986-1990 are expected to exceed $2.5 billion.

Dividends

Cash dividends paid to common shareholders were $102.7 million in 1985 and $89.7 million in 1984. Common stock dividends are paid in the months of March, June, September and December of each year. In the second quarter of 1985, effective with the September dividend, the Board of Directors increased the quarterly dividend from $.16-2/3 to $.20 per share. Annual dividends paid per common share increased 17.1% in

1985 to $.73-1/3 per share compared to $.62-2/3 per share paid in 1984. In 1985, dividends were $.16-2/3 for each of the first two quarters and $.20 for the last two quarters, as compared to $.14-2/3 for the first two quarters and $.16-2/3 for the last two quarters of 1984. All dividend per share amounts reflect the June 14, 1985 three-for-one stock split.

The company has paid dividends in each of the past 53 years. During that time, the company stock has split six times and stock dividends were paid three times.

In connection with the acquisition of Campbell Taggart, 7.5 million shares of convertible redeemable preferred stock were issued. The preferred stock has a dividend rate of $3.60 per share and cash dividends were paid in the months of March, June, September and December of 1985 and 1984.

At December 31, 1985, common shareholders of record numbered 39,338 compared with 30,007 at the end of 1984. Preferred shareholders as of December 31, 1985 numbered 2,234 compared with 2,474 at the end of 1984.

Price range of common stock

The company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "BUD." The table below summarizes the high and low sales prices on the NYSE. All sales prices reflect the June 14, 1985 three-for-one stock split.

	1985		1984	
QUARTER	HIGH	LOW	HIGH	LOW
First	26-7/8	23-5/8	21-7/8	17-7/8
Second	32-1/4	26-3/8	22-3/8	19-1/8
Third	34-5/8	30-3/8	23-5/8	21-1/4
Fourth	45-3/4	31-5/8	24-3/4	21-1/2

The closing price of the company's common stock at December 31, 1985 and 1984 was 42-1/4 and 24-1/8, respectively.

Common stock and other shareholders equity

Shareholders equity was $2.17 billion at December 31, 1985, as compared with $1.95 billion at the end of 1984. The increase in 1985 represents the retention of $314.0 million of earnings in the business. The book value of each common share of stock at December 31, 1985, was $15.69 as compared to $13.81 at December 31, 1984.

In 1985, the return on average shareholder equity was 18.9% as compared with 18.2% in 1984. This return includes the convertible redeemable preferred stock, issued in November 1982 as equity.

The Board of Directors has authorized the company to acquire up to 14.4 million shares of its common stock. During 1985 and 1984, the company purchased 3.4 million and 4.3 million of its common shares for $109.0 million and $92.6 million, respectively. The repurchased shares will be used for the conversion of the preferred stock issued in connection with the Campbell Taggart acquisition.

During 1985, the Board of Directors authorized a program whereby the company distributed a dividend of one preferred stock purchase right for each outstanding share of common stock. The rights may be exercised, under certain conditions, to purchase shares of a new Series B Junior Participating Preferred Stock. This program is explained more fully in Note 8 of the Notes to Consolidated Financial Statements contained on page 49 of this annual report.

Inflation

Inflation has had an impact on the company's reported results of operations, shareholders equity and financial condition. The section of the annual report entitled Supplemental Inflation Adjusted Information on pages 52-53 is intended to present an estimation of the effects of inflation on the company. This information has been developed in accordance with the requirements of FASB Statements No. 33 and No. 82 and is experimental in nature. As such, the inflation adjusted information may not represent the true effect of inflation on the company.

Responsibility for Financial Statements

The management of Anheuser-Busch Companies, Inc. is responsible for the financial statements and other information included in this annual report. Management has selected those generally accepted accounting principles it considers appropriate to prepare the financial statements and other data contained herein.

The company maintains accounting and reporting systems, supported by an internal accounting control system, which management believes are adequate to provide reasonable assurances that assets are safeguarded against loss from unauthorized use or disposition and financial records are reliable for preparing financial statements. During 1985, the company, in conjunction with Price Waterhouse, its independent accountants, performed a comprehensive review of the adequacy of the company's internal accounting control system. Based on the comprehensive review, it is management's opinion that the company has an effective system of internal accounting control.

The report of Price Waterhouse on its examinations of the consolidated financial statements of the company appears on page 51 of this report. This report states that the examinations have been performed in accordance with generally accepted auditing standards. These standards include an evaluation of the system of internal accounting control for the purpose of establishing the scope of audit testing to enable them to form an opinion on the fairness of presentation of the financial statements.

The Audit Committee of the Board of Directors, which consists of six non-management directors, held four meetings during 1985. The functions of the committee are to recommend to the Board the selection, retention or termination of the company's independent accountants; determine through consultation with management the appropriateness of the scope of the various professional services provided by the independent accountants and consider the possible effect of the performance of such service on the independence of the accountants; review the arrangements and the proposed overall scope of the annual audit with management and the independent accountants; discuss matters of concern to the Audit Committee with the independent accountants and management relating to the annual financial statements and results of the audit; obtain from management, the independent accountants and the Director of Internal Auditing their separate opinions as to the adequacy of the company's system of internal accounting control; review with management and the independent accountants the recommendations made by the accountants with respect to changes in accounting procedures and internal accounting control; receive reports from the Business Practices Committee regarding implementation of and compliance with the company's business ethics policy and discuss with management any concerns the Audit Committee may have with regard to the company's business practices; hold regularly scheduled meetings, separately and jointly, with representatives of management, the independent accountants, and the Director of Internal Auditing, to make inquiries into and discuss their activities; and review the overall activities of the company's internal auditors.

CONSOLIDATED BALANCE SHEET

Anheuser-Busch Companies, Inc., and Subsidiaries

Assets
(In millions)

December 31,	***1985***	1984
Current Assets:		
Cash and marketable securities (marketable securities of $119.9 in 1985 and $69.3 in 1984 at cost, which approximates market)	***$ 169.6***	$ 78.6
Accounts and notes receivable, less allowance for doubtful accounts of $3.1 in 1985 and $2.8 in 1984	***301.7***	275.6
Inventories—		
Raw materials and supplies	***225.4***	212.7
Work in process	***73.5***	65.7
Finished goods	***38.8***	37.5
Total inventories	***337.7***	315.9
Other current assets	***156.5***	106.2
Total current assets	***965.5***	776.3
Investments And Other Assets:		
Investments in and advances to unconsolidated subsidiaries	***56.7***	42.9
Investment properties	***16.5***	18.1
Deferred charges and other non-current assets	***97.5***	87.1
Excess of cost over net assets of acquired businesses, net	***99.3***	85.3
	270.0	233.4
Plant And Equipment:		
Land	***91.8***	85.4
Buildings	***1,578.7***	1,399.3
Machinery and equipment	***3,381.4***	2,920.6
Construction in progress	***288.9***	395.3
	5,340.8	4,800.6
Less accumulated depreciation	***1,454.9***	1,285.6
	3,885.9	3,515.0
	$5,121.4	$4,524.7

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 45-51 of this report.

Liabilities and Shareholders Equity
(In millions)

December 31,	***1985***	1984
Current Liabilities:		
Accounts payable	**$ 425.3**	$ 338.2
Accrued salaries, wages and benefits	**177.1**	150.3
Accrued interest payable	**30.1**	26.8
Due to customers for returnable containers	**33.1**	31.8
Accrued taxes, other than income taxes	**56.9**	43.6
Estimated income taxes	**31.3**	39.0
Other current liabilities	**84.0**	66.3
Total current liabilities	**837.8**	696.0
Long-Term Debt	**861.3**	835.8
Deferred Income Taxes	**961.7**	755.0
Convertible Redeemable Preferred Stock (Liquidation Value $300.0)	**287.6**	286.9
Common Stock And Other Shareholders Equity:		
Preferred stock, $1.00 par value, authorized 32,498,000 shares in 1985, 1984 and 1983; none issued	**—**	—
Common stock, $1.00 par value, authorized 200,000,000 shares in 1985, 1984 and 1983; issued 146,633,977, 48,641,869 and 48,514,214 shares, respectively	**146.6**	48.6
Capital in excess of par value	**90.4**	173.2
Retained earnings	**2,142.3**	1,829.3
Foreign currency translation adjustment	**(4.4)**	(6.6)
	2,374.9	2,044.5
Less cost of treasury stock (8,114,453, 4,692,456 and 358,656 shares in 1985, 1984 and 1983, respectively)	**201.9**	93.5
	2,173.0	1,951.0
Commitments And Contingencies	**—**	—
	$5,121.4	$4,524.7

CONSOLIDATED STATEMENT OF INCOME

Anheuser-Busch Companies, Inc., and Subsidiaries
(In millions, except per share data)

Year Ended December 31,	**1985**	1984	1983
Sales	**$7,683.3**	$7,158.2	$6,658.5
Less federal and state beer taxes	**683.0**	657.0	624.3
Net sales	**7,000.3**	6,501.2	6,034.2
Cost of products sold	**4,676.1**	4,414.2	4,113.2
Gross profit	**2,324.2**	2,087.0	1,921.0
Marketing, administrative and research expenses	**1,491.9**	1,332.3	1,220.2
Operating income	**832.3**	754.7	700.8
Other income and expenses:			
Interest expense	**(93.4)**	(102.7)	(111.4)
Interest capitalized	**37.2**	46.8	32.9
Interest income	**21.3**	22.8	12.5
Other expense, net	**(16.9)**	(31.8)	(18.8)
Income before income taxes	**780.5**	689.8	616.0
Provision for income taxes:			
Current	**130.1**	118.4	133.7
Deferred	**206.7**	179.9	134.3
	336.8	298.3	268.0
Net Income	**$ 443.7**	$ 391.5	$ 348.0
Earnings per share	**$ 2.84**	$ 2.47	$ 2.17

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 45-51 of this report.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AND CONVERTIBLE REDEEMABLE PREFERRED STOCK

Anheuser-Busch Companies, Inc., and Subsidiaries

	Shareholders Equity (In millions, except per share data)					
	Common Stock	**Capital in Excess of Par Value**	**Retained Earnings**	**Treasury Stock**	**Foreign Currency Translation Adjustment**	**Convertible Redeemable Preferred Stock**
Balance At December 31, 1982	$ 48.4	$162.7	$1,316.4	$ (.9)		$285.0
Net income			348.0			
Cash dividends:						
Common ($.54 per share)			(78.3)			
Preferred ($3.60 per share)			(29.7)			
Shares issued under stock option plans	.1	4.5				
Accretion of preferred stock			(1.0)			1.0
Foreign currency translation adjustment					$ (3.7)	
Balance At December 31, 1983	48.5	167.2	1,555.4	(.9)	(3.7)	286.0
Net income			391.5			
Cash dividends:						
Common ($.62-2/3 per share)			(89.7)			
Preferred ($3.60 per share)			(27.0)			
Shares issued under stock option plans	.1	6.0				
Accretion of preferred stock			(.9)			.9
Treasury stock acquired				(92.6)		
Foreign currency translation adjustment					(2.9)	
Balance At December 31, 1984	48.6	173.2	1,829.3	(93.5)	(6.6)	286.9
Net income			**443.7**			
Cash dividends:						
Common ($.73-1/3 per share)			**(102.7)**			
Preferred ($3.60 per share)			**(27.0)**			
Shares issued under stock option plans and conversion of preferred stock	**.5**	**14.3**				**(.3)**
Three-for-one stock split	**97.5**	**(97.5)**				
Accretion of preferred stock			**(1.0)**			**1.0**
Treasury stock acquired				**(109.0)**		
Treasury stock issued		**.4**		**.6**		
Foreign currency translation adjustment					**2.2**	
Balance At December 31, 1985	**$146.6**	**$ 90.4**	**$2,142.3**	**$(201.9)**	**$ (4.4)**	**$287.6**

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 45-51 of this report.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Anheuser-Busch Companies, Inc., and Subsidiaries
(In millions)

Year Ended December 31,	1985	1984	1983
Source Of Funds			
Net income	$ 443.7	$ 391.5	$ 348.0
Depreciation and amortization	236.1	203.4	187.3
Deferred income taxes	206.7	181.8	118.1
Total funds provided by current operations	886.5	776.7	653.4
Increase in long-term debt	157.9	7.8	32.7
Investment in unconsolidated subsidiaries	(13.8)	14.8	1.2
Other, net	(7.1)	(2.6)	18.3
Total	1,023.5	796.7	705.6
Use Of Funds			
Capital expenditures	601.0	519.2	428.0
Dividends paid to stockholders	129.7	116.7	108.0
Decrease in long-term debt	136.4	133.4	40.3
Decrease in short-term debt	—	—	25.0
Acquisition of minority interests	—	20.6	—
Acquisition of treasury stock	109.0	92.6	—
Increase in investment properties	—	9.0	—
Increase (decrease) in non-cash working capital*	(43.6)	45.0	(92.6)
Total	932.5	936.5	508.7
Increase (Decrease) In Cash And Marketable Securities	$ 91.0	$ (139.8)	$ 196.9
***Non-cash Working Capital**			
Increase (decrease) in non-cash current assets:			
Accounts and notes receivable	$ 26.1	$ (8.0)	$ 40.1
Inventories	21.8	17.1	(9.0)
Other current assets	50.3	9.4	(22.2)
Decrease (increase) in current liabilities:			
Accounts payable	(87.1)	(10.4)	(21.6)
Accrued salaries, wages and benefits	(26.8)	(7.8)	(11.4)
Accrued interest payable	(3.3)	3.1	(.1)
Due to customers for returnable containers	(1.3)	(.7)	(3.9)
Accrued taxes, other than income taxes	(13.3)	20.7	(1.6)
Estimated income taxes	7.7	9.4	(22.0)
Other current liabilities	(17.7)	12.2	(40.9)
Increase (Decrease) In Non-cash Working Capital	$ (43.6)	$ 45.0	$ (92.6)

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 45-51 of this report.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Principles and Policies

This summary of significant accounting principles and policies of Anheuser-Busch Companies, Inc. and its subsidiaries is presented to assist the reader in evaluating the company's financial statements included in this report. These principles and policies conform to generally accepted accounting principles and have been consistently followed by the company.

Principles of consolidation

The consolidated financial statements include the company and all its subsidiaries. Certain subsidiaries which are not an integral part of the company's primary operations are included on the equity basis.

Foreign currency translation

Exchange adjustments resulting from foreign currency transactions generally are recognized in income, whereas adjustments resulting from translations of financial statements are reflected as a separate component of shareholders equity.

Excess of cost over net assets of acquired businesses

The excess of the cost over the net assets of acquired businesses is being amortized on a straight-line basis over a period of forty years.

Inventories and production costs

Inventories are valued at the lower of cost or market. Cost is determined under the last-in, first-out method for substantially all brewing inventories and under the first-in, first-out method for substantially all food product inventories.

Plant and equipment

Plant and equipment is carried at cost and includes expenditures for new facilities and those which substantially increase the useful lives of existing plant and equipment. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is credited or charged to income.

Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets (buildings 2% to 10% and machinery and equipment 4% to 25%).

Capitalization of interest

Interest relating to the cost of acquiring certain fixed assets is capitalized. This interest is included as part of the cost of the related asset and is amortized over its estimated useful life.

Income taxes

The provision for income taxes is based on elements of income and expense as reported in the Consolidated Statement of Income. The company has elected to utilize certain provisions of federal income tax laws and regulations to reduce current taxes payable.

Deferred income taxes are recognized for the effect of differences between financial and tax reporting. Investment tax credit is included in income when assets are placed in service or when the credit can be claimed under federal income tax laws relating to qualified progress expenditures.

Expenditures which provide possible future benefits

Research and development, advertising, promotional costs and initial plant costs are charged against income in the year in which these costs are incurred.

Earnings per share

On June 14, 1985 97.5 million common shares were issued in connection with a three-for-one stock split. The aggregate par value of these shares of $97.5 million was transferred from capital in excess of par to common stock. All per share amounts included in this report reflect the stock split.

Earnings per share of common stock are based on the average number of shares of common stock outstanding during the respective years (156.3 million in 1985, 158.7 million in 1984 and 160.5 million in 1983). The convertible redeemable preferred shares are common stock equivalents; accordingly, these shares are assumed to have been converted into common stock at the date of their issuance and are included in the weighted average shares outstanding in computing earnings per share.

2. Inventory Valuation

Approximately 75% of total inventories at December 31, 1985 and 1984, are stated on the last-in, first-out (LIFO) inventory valuation method. Had average-cost (which approximates replacement cost) been used with respect to such items at December 31, 1985 and 1984, total inventories would have been $98.7 million and $105.8 million higher, respectively.

3. Credit Agreements

In August 1982, the company entered into a ten-year revolving credit agreement with a group of eleven domestic banks. In December 1983, the agreement was amended to provide for a maximum borrowing of $400.0 million. Interest on the loans will be based, at the option of the company, on the prime rate, the domestic CD rate plus 1/2% or the Euro-Dollar rate plus 3/8% for the first five years, and at scheduled rate increases for periods thereafter. In addition, a negotiated sub-prime borrowing feature is available for the entire term of the agreement. At December 31, 1985 and 1984, the company had no outstanding borrowings under this agreement.

In June 1981, the company entered into a multicurrency revolving credit agreement aggregating $100.0 million or the equivalent amount in alternative currencies. This commitment extends through March 27, 1986. Interest on borrowings in Euro-Dollars and alternative currencies will be 3/8% over the Euro Basic Rate, as defined, and on United States currency borrowings, at the company's election, at either a floating rate equal to the prevailing Domestic Floating Base Rate, as defined, plus 3/4% or at a fixed rate equal to the Domestic Fixed Base Rate, as defined, plus 1/2%. At December 31, 1985 and 1984, the company had no outstanding borrowings under this agreement.

Fees under these agreements and prior agreements amounted to $1.1 million in 1985 and 1984 and $3.3 million in 1983.

4. Long-Term Debt

In May 1985, the company issued at par $100 million, 11-1/8% Notes due 1993. In September 1985, the company issued 8% dual currency Japanese Yen/U.S. Dollar Notes due 1995. These notes were issued for $48.9 million and have a redemption price of $55.3 million. On November 1, 1985, the company redeemed at par its $100 million, 9.9% notes due 1986.

During November 1984, the company redeemed all of its $100 million 16-1/2% Guaranteed Notes due 1988. Pursuant to the early call provision of the notes, the redemption price was 101.5% of the principal amount, or $101.5 million.

Long-term debt at December 31 consists of the following:

	1985	1984
	(In millions)	
11.125% Notes due 1993	$100.0	—
8.0% Dual Currency Notes due 1995	49.1	—
9.90% Notes due 1986	—	$100.0
15.375% Notes due 1991	50.0	50.0
11.25% Guaranteed bonds due 1990	100.0	100.0
Sinking fund debentures	418.1	449.6
Industrial revenue bonds	73.3	73.5
Other long-term debt	70.8	62.7
	$861.3	$835.8

The company's sinking fund debentures at December 31 are as follows:

	1985	1984
	(In millions)	
5.45% debentures maturing 1984 to 1991, less $9.7 in treasury in 1985 and $11.8 in 1984	$ 2.3	$ 2.4
6.00% debentures maturing 1984 to 1992, less $9.9 in treasury in 1985 and $2.1 in 1984	7.8	18.2
7.95% debentures maturing 1985 to 1999, less $9.5 in treasury in 1985 and $10.0 in 1984	77.5	83.5
9.20% debentures maturing 1986 to 2005, less $15.6 in treasury in 1985 and $4.5 in 1984	134.4	145.5
8.55% debentures maturing 1989 to 2008, less $3.9 in treasury in 1985	96.1	100.0
11.875% debentures maturing 1993 to 2012	100.0	100.0
	$418.1	$449.6

The aggregate maturities on all long-term debt are $24.5, $21.7, $20.1, $21.5 and $121.6 million, respectively, for each of the years ending December 31, 1986 through 1990.

5. Stock Option Plans

In December 1981, the company adopted an Incentive Stock Option Plan and a Non-Qualified Stock Option Plan for certain officers and key employees. These plans were approved by the shareholders in April 1982. Under the terms of the plans, options may be granted at not less than the fair market value of the shares at the date of grant. The Non-Qualified Stock Option Plan provides that optionees may be granted Stock Appreciation Rights (SARs) in tandem with stock options. The exercise of a SAR cancels the related option and the exercise of an option cancels the related SAR. The Stock Option Committee of the Board of Directors granted SARs under the 1981 Non-Qualified Stock Option Plan with respect to options for 1,324,300 and 146,400 shares in 1985 and 1984, respectively. At December 31, 1985 and 1984, 13,283,563 and 6,671,748 shares, respectively, were reserved for possible issuance under the 1981 plans.

In December 1985, the plans were amended to provide for an increase in shares reserved for issuance under the plans (subject to shareholder approval) and to provide for the acceleration of exercisability of the options in the event of change in control of the company. The additional shares reserved for issuance were 4.2 million for the Incentive Stock Option Plan and 3.2 million for the Non-Qualified Stock Option Plan. The 1985 Non-Qualified grants are conditional upon shareholder approval of the additional shares reserved.

Also during December 1985, the Non-Qualified Stock Option Plan was amended to provide that optionees may be granted Limited Stock Appreciation Rights (LSARs) in tandem with stock options. LSARs become exercisable upon the occurrence, six months following date of grant, of certain events surrounding a change in control of the company or a merger of the company into or with another company and entitle the holder to a cash payment per share granted equivalent to the difference between the share value (under terms of the LSAR) at date of event less the grant price. During 1985, 1,902,637 LSARs were granted.

Presented below is a summary of changes in stock options under the Incentive Stock Option Plan and the Non-Qualified Stock Option Plan for the year ended December 31:

	1985	1984
Outstanding at beginning of year	**5,115,204**	4,631,592
Options granted	**3,691,030**	1,125,360
Options/SARs exercised	**(953,976)**	(569,475)
Options cancelled	**(73,530)**	(72,273)
Options outstanding at end of year	**7,778,728**	5,115,204
Options exercisable at end of year	**3,438,399**	3,297,792
Option price range per share	**$13.60-$41.69**	$13.60-$24.56

6. Pension Plans

The company has pension plans covering substantially all of its employees and follows the policy of funding all pension costs accrued except for certain overfunded plans. Total pension expense was $78.7, $71.9 and $74.0 million in 1985, 1984 and 1983, respectively. In 1984, the company changed the actuarial investment rate of return assumption for funding purposes from 5-1/2% to 6-1/2% on several of the company's salaried and hourly pension plans. The effect of this change on net income was not material. A comparison of the actuarial present value of accumulated plan benefits and plan net assets, as of the most recent actuarial date, generally January 1, for the company's salaried and hourly paid pension plans combined, is presented below:

	1985	1984
	(In millions)	
Actuarial present value of accumulated plan benefits:		
Vested	**$265.9**	$236.8
Nonvested	**31.3**	27.2
	$297.2	$264.0
Net assets available for benefits	**$498.7**	$447.0

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8.5% in 1985 and 1984.

7. Income Taxes

The provision for income taxes includes the following for each of the three years ended December 31:

	1985	1984	1983
		(In millions)	
Current Tax Provision			
Federal:			
Provision	**$155.0**	$136.2	$156.4
Investment tax credit:			
Normal	**(43.6)**	(35.1)	(32.5)
TRASOP	**—**	—	(6.8)
	111.4	101.1	117.1
State and foreign	**18.7**	17.3	16.6
	130.1	118.4	133.7
Deferred Tax Provision:			
Federal	**196.3**	171.0	126.4
State and foreign	**10.4**	8.9	7.9
	206.7	179.9	134.3
	$336.8	$298.3	$268.0

The deferred tax provision results from timing differences in the recognition of income and expense for tax and financial reporting purposes. The primary differences are the calculation of depreciation for tax purposes using accelerated methods and shorter lives and expensing for tax purposes interest cost capitalized for book purposes (tax effect of $193.0 million in 1985, $178.5 million in 1984 and $155.2 million in 1983) and the expensing for tax purposes of prepaid employee group benefits (tax effect of $22.3 million in 1985).

The company's effective tax rate was 43.2% in 1985 and 1984 and 43.5% in 1983. A reconciliation between the statutory rate and the effective rate is presented below:

	1985	1984	1983
Statutory rate	46.0%	46.0%	46.0%
Investment tax credit:			
Normal	(5.6)	(5.1)	(5.3)
TRASOP	—	—	(1.1)
State income taxes, net of federal benefit	1.9	1.9	1.9
Other	.9	.4	2.0
Effective tax rate	43.2%	43.2%	43.5%

8. Common, Preferred and Redeemable Preferred Stock

On December 27, 1985, the company distributed a dividend of one preferred stock purchase right for each outstanding share of common stock. Under certain conditions, each right may be exercised to purchase one one-hundreth of a share of a new Series B Junior Participating Preferred Stock, par value $1.00, for $100. The rights may only be exercised after a third party acquires 20% or more of Anheuser-Busch Companies, Inc. common stock or after commencement of a tender offer by a third party, which upon consummation would result in such party's control of 30% or more of the company's common stock. The rights, which do not have voting rights, expire on December 18, 1995 and may be redeemed by the company at a price of 5 cents per right at any time prior to expiration or the date on which the company's Board of Directors permits the rights to become non-redeemable.

If Anheuser-Busch Companies is the surviving corporation in a merger, or if an acquirer becomes the beneficial owner of more than 50 percent of the company's common stock, each right will entitle its holder, other than the acquirer, to purchase common shares of the surviving company at a substantial discount from market value at that time. If Anheuser-Busch Companies is not the surviving corporation in a merger, each right will entitle its holder, other than the acquirer, to purchase common shares of the surviving company at a substantial discount from market value at that time.

In March 1984, the Board of Directors amended a 1982 resolution to authorize the company to purchase up to 14.4 million shares of its common stock. The shares will be used for the conversion to common stock of preferred stock issued in connection with the acquisition of Campbell Taggart. In 1985 and 1984, 3,448,400 and 4,333,800 shares were purchased for $109.0 million and $92.6 million, respectively.

In connection with the acquisition of Campbell Taggart, the company authorized 7,502,000 shares and issued 7,500,766 shares of convertible redeemable preferred stock, par value $1. The convertible redeemable preferred stock has a redemption value of $40, requires dividend payments at a rate of $3.60 per year, is non-callable for five years from the date of acquisition of Campbell Taggart and is subject to mandatory redemption at the end of fifteen years. The preferred shares are also convertible into 1.935 of a share of the company's common stock and have voting rights in this ratio. The difference between the redemption value and the carrying value is being amortized over fifteen years.

9. Commitments and Contingencies

In connection with the plant expansion and improvement program, the company has commitments for capital expenditures of approximately $581.8 million at December 31, 1985.

Obligations under capital leases are not material.

The company and certain of its subsidiaries are involved in certain claims and legal proceedings in which monetary damages and other relief are sought. The company is vigorously contesting these claims. However, resolution of them is not expected to occur quickly and their ultimate outcome cannot presently be predicted. In any event, it is the opinion of management that any liability of the company or its subsidiaries for claims or proceedings will not materially affect its financial position.

10. Business Segments

The company has identified its principal business segments as beer and beer-related, food products and diversified operations. The beer and beer-related segment produces and sells the company's beer products. Included in this segment are the company's raw material acquisition, malting, can manufacturing and recycling operations.

The food products segment consists of the company's food and food-related operations which include the company's baking, yeast and snack food subsidiaries.

Diversified operations consist of the company's entertainment, communications, transportation and real estate operations.

Sales between segments, export sales and non-United States sales are not material. The company's equity in earnings of unconsolidated subsidiaries has been included in other income and expense. No single customer accounted for more than 10% of sales.

Summarized below is the company's business segment information for 1985, 1984 and 1983 (in millions). Intra-segment sales have been eliminated from each segment's reported net sales.

1985:	***Beer and Beer-Related***	***Food Products***	***Diversified Operations***	***Eliminations***	***Consolidated***
Net sales	***$5,412.6***	***$1,416.4***	***$189.6***	***$ (18.3)***	***$7,000.3***
Operating income*	***797.0***	***28.5***	***6.8***		***832.3***
Depreciation and amortization expense	***161.7***	***53.2***	***21.2***		***236.1***
Capital expenditures	***461.2***	***103.7***	***36.1***		***601.0***
Identifiable assets	***3,515.6***	***935.9***	***174.6***		***4,626.1***
Corporate assets**					***495.3***
Total assets					***5,121.4***

1984:	***Beer and Beer-Related***	***Food Products***	***Diversified Operations***	***Eliminations***	***Consolidated***
Net sales	$5,001.7	$1,343.9	$169.5	$ (13.9)	$6,501.2
Operating income*	728.2	16.5	10.0		754.7
Depreciation and amortization expense	141.1	42.3	20.0		203.4
Capital expenditures	393.1	106.7	19.4		519.2
Identifiable assets	3,214.7	811.8	128.0		4,154.5
Corporate assets**					370.2
Total assets					4,524.7

1983:	***Beer and Beer-Related***	***Food Products***	***Diversified Operations***	***Eliminations***	***Consolidated***
Net sales	$4,586.0	$1,311.9	$149.3	$ (13.0)	$6,034.2
Operating income*	649.9	47.3	3.6		700.8
Depreciation and amortization expense	129.5	40.3	17.5		187.3
Capital expenditures	348.1	54.8	25.1		428.0
Identifiable assets	2,994.1	768.6	143.7		3,906.4
Corporate assets**					423.8
Total assets					4,330.2

*Operating income excludes other expense, net which is not allocated among segments. For 1985, 1984 and 1983 other expense, net of $51.8, $64.9 and $84.8 million, respectively, includes net interest expense, minority interests, other income and expense, and equity in earnings of unconsolidated subsidiaries.

** Corporate assets principally include cash, marketable securities, investment in equity subsidiaries, goodwill and certain fixed assets.

11. Additional Income Statement Information

The following amounts were charged to costs and expenses:

	1985	1984	1983
		(In millions)	
Maintenance	$269.4	$253.5	$261.4
Depreciation and amortization	$236.1	$203.4	$187.3
Taxes, other than income taxes:			
Payroll	$ 96.2	$ 90.3	$ 82.3
Real and personal property	39.3	37.6	36.1
Franchise and other	19.1	16.2	14.2
Total	$154.6	$144.1	$132.6
Advertising costs	$522.9	$480.2	$403.9

12. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data for 1985 and 1984 (in millions, except per share data) appear below:

	Net sales		Gross profit		Net income		Earnings per share	
	1985	1984	1985	1984	1985	1984	1985	1984
First quarter	$1,642.5	$1,468.8	$ 524.3	$ 459.1	$ 90.5	$ 77.7	$ .58	$ .49
Second quarter	1,828.0	1,691.4	620.4	557.4	130.3	113.4	.83	.71
Third quarter	1,831.9	1,761.8	623.9	578.9	143.6	128.5	.92	.81
Fourth quarter	1,697.9	1,579.2	555.6	491.6	79.3	71.9	.51	.46
Total year	$7,000.3	$6,501.2	$2,324.2	$2,087.0	$443.7	$391.5	$ 2.84	$ 2.47

REPORT OF INDEPENDENT ACCOUNTANTS

One Centerre Plaza
St. Louis, MO 63101

Telephone 314 425 0500

Price Waterhouse

February 7, 1986

To the Shareholders and Board of Directors of Anheuser-Busch Companies, Inc.

In our opinion, the accompanying Consolidated Balance Sheet and the related Consolidated Statements of Income, Changes in Shareholders Equity and Convertible Redeemable Preferred Stock, and Changes in Financial Position present fairly the financial position of Anheuser-Busch Companies, Inc. and its subsidiaries at December 31, 1985 and 1984, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1985, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

SUPPLEMENTAL INFLATION ADJUSTED INFORMATION

Financial statements prepared in accordance with generally accepted accounting principles present historical costs in dollars of varying purchasing power. Accordingly, the Financial Accounting Standards Board (FASB) has issued guidelines for adjusting certain historical financial information for the effect of inflation. These guidelines require supplementary income calculations, which reflect the effects of changes in specific prices of certain assets used by the company.

Financial Information Adjusted for the Effects of Inflation

Anheuser-Busch Companies, Inc. financial information, adjusted for the effect of Inflation, is shown in Tables 1 and 2 on page 53.

Table 1 covers the five-year period 1981-1985 and shows key financial data stated in average 1985 dollars.

Table 2 contains a statement of income for the year 1985 in current cost. This table shows the adjustments to historical dollar net income necessary to reflect the effect of inflation in accordance with the guidelines established by the FASB.

Net income

The only amounts reported in historical statements of income requiring an adjustment for inflation are depreciation expense, the inventory component of cost of products sold, and gains or losses on significant dispositions of plant and equipment. Revenues and all other elements of income before taxes are considered to reflect average price levels during the year and accordingly are not adjusted.

Depreciation expense was determined using the same methods applied in the primary financial statements. Upward adjustments to plant and equipment were required by use of externally and internally generated specific price indices.

The adjusted values of plant and equipment were then used to compute the related depreciation expense and accordingly reduced net income from that reported in the historical financial statements.

Because of the nature of its inventories and the inventory valuation method employed, the company has determined that an adjustment to the cost of products sold for the effects of inflation related to inventories is not required. In 1985, approximately 75% of inventories are valued on the last-in, first-out (LIFO) method. Under this method of inventory valuation, current cost of materials are charged to cost of products sold. Other company inventories have such a high rate of turnover that their cost flows to cost of products sold on a current basis.

Shareholders equity (net assets)

Shareholders equity (net assets) represents the difference between all assets and liabilities after appropriate adjustment for the effect of inflation. Recognition of the effect of inflation on shareholders equity requires that adjustments be made to inventory values, property values, and all monetary items. These adjustments result in increased depreciation and gains from the decline in the purchasing power of the dollar on net monetary items.

Since inventory and property value increases and purchasing power gains exceed the additional depreciation expense, shareholders equity increases.

Gain from the decline in the purchasing power of net monetary items

In addition to the distortions caused by aggregating dollars of varying purchasing power, inflation also has another effect that is not recognized by conventional accounting. This effect is related to holding gains or losses of net monetary items which are not recognized in historical dollar financial statements.

On December 31, 1985, the company was in a greater net monetary liability position (i.e., monetary liabilities exceeded monetary assets) as compared to December 31, 1984, which results in an unrealized gain. This gain will not be realized until the monetary liabilities are repaid in dollars of decreased purchasing power.

Net sales, cash dividends per share, market price per share

Net sales and cash dividends per share for 1985 are stated in terms of the amounts (1985 dollars) shown in the company's primary financial statements. The market price per share represents the actual market closing price at December 31, 1985. The corresponding amounts for the years 1981-1985 have been adjusted to their 1985 dollar equivalent by use of the CPI-U.

Conclusions Concerning the Effect of Inflation

The methods adopted by the FASB to measure the impact of inflation are experimental in nature, and may not represent the true effect of inflation on the historical financial statements of the company. Accordingly, the resultant measurements should be viewed with caution and not as precise indicators of the effects of inflation on the company.

Table 1– Five-Year Comparison of Selected Supplementary Information Adjusted for the Effects of Inflation

(In millions, except per share and statistical data) (Information stated in average 1985 dollars)	**1985**	1984	1983	1982	1981
Current cost data:					
Net income	**$ 379.3**	$ 340.2	$ 311.0	$ 236.9	$ 182.5
Net income per share (1)	**2.43**	2.14	1.93	1.61	1.29
Shareholders equity (net assets)	**3,479.7**	3,278.8	3,191.2	2,996.0	2,441.2
Excess of increase in general prices over increase in specific prices for inventories and plant and equipment	**96.8**	87.4	82.6	94.1	115.9
Other information adjusted for general inflation:					
Net sales	**7,000.3**	6,733.3	6,515.8	5,107.9	4,550.7
Gain from the decline in the purchasing power of net monetary items	**69.8**	68.2	66.7	63.0	131.0
Cash dividends per common share (1)	**.73**	.65	.57	.50	.44
Market price per share at year end (1)	**42.25**	25.03	22.49	23.99	16.20
Average consumer price index	**322.2**	311.1	298.4	288.7	272.4

Table 2– Statement of Income Adjusted for the Effects of Inflation

(In millions, except per share and statistical data)	***1985 (2)*** Historical Dollars	Current Cost
Net sales	**$7,000.3**	**$7,000.3**
Cost of products sold	**4,676.1**	**4,740.5**
Gross profit	**2,324.2**	**2,259.8**
Marketing, administrative and research expenses	**1,491.9**	**1,491.9**
Operating income	**832.3**	**767.9**
Interest expense	**(93.4)**	**(93.4)**
Interest capitalized	**37.2**	**37.2**
Interest income	**21.3**	**21.3**
Other expense, net	**(16.9)**	**(16.9)**
Income before income taxes	**780.5**	**716.1**
Income taxes (3)	**336.8**	**336.8**
Net income	**443.7**	**379.3**
Net income per share	**2.84**	**2.43**
Effective tax rate (3)	**43.2**	**47.0**
Depreciation and amortization	**236.1**	**300.5**
Gain from the decline in purchasing power of net monetary items		**69.8**
Increase in general price level of inventories and plant and equipment		**188.9**
Increase in specific prices of inventories and plant and equipment (4)		**92.1**
Excess of increase in general prices over increase in specific prices		**96.8**

(1) All per share amounts reflect the June 14, 1985 three-for-one stock split.
(2) Current cost data for 1985 are stated in average 1985 dollars.
(3) Since the inflation adjusted elements of expense are not deductible for income tax purposes, the historical dollar income tax expense is not adjusted under the current cost method. The resultant higher effective tax rate reflects the greater burden of taxes being borne by the company during inflationary periods.
(4) The current cost of inventories and plant and equipment at December 31, 1985, is $428.3 million and $4.8 billion, respectively.

FINANCIAL SUMMARY—OPERATIONS

Anheuser-Busch Companies, Inc., and Subsidiaries
(In millions, except per share data)

	1985	1984	1983
Consolidated Summary Of Operations			
Barrels sold	68.0	64.0	60.5
Sales	$7,683.3	$7,158.2	$6,658.5
Federal and state beer taxes	683.0	657.0	624.3
Net sales	7,000.3	6,501.2	6,034.2
Cost of products sold	4,676.1	4,414.2	4,113.2
Gross profit	2,324.2	2,087.0	1,921.0
Marketing, administrative and research expenses	1,491.9	1,332.3	1,220.2
Operating income	832.3	754.7	700.8
Interest expense	(93.4)	(102.7)	(111.4)
Interest capitalized	37.2	46.8	32.9
Interest income	21.3	22.8	12.5
Other income (expense), net	(16.9)	(31.8)	(18.8)
Loss on partial closing of Los Angeles Busch Gardens	—	—	—
Gain on sale of Lafayette plant	—	—	—
Income before income taxes	780.5	689.8	616.0
Income taxes	336.8	298.3	268.0
Income before cumulative effect of an accounting change	443.7	391.5	348.0
Cumulative effect of change to the flow-through method of accounting for the investment tax credit (1)	—	—	—
Net income	443.7	391.5	348.0
Per share—Primary			
Income before cumulative effect of an accounting change	2.84	2.47	2.17
Cumulative effect of change to the flow-through method of accounting for the investment tax credit (1)	—	—	—
Net income	2.84	2.47	2.17
Per share—Fully diluted	2.84	2.47	2.17
Cash dividends paid			
Common stock	102.7	89.7	78.3
Per share	.73⅓	.62⅔	.54
Preferred stock	27.0	27.0	29.7
Per share	3.60	3.60	3.60
Average number of common shares	156.3	158.7	160.5

Notes To Financial Summary—Operations

Note: All per share information and average number of common shares data reflect the June 14, 1985 three-for-one stock split. All amounts reflect the acquisition of Campbell Taggart, Inc. as of November 2, 1982.

(1) Effective January 1, 1979, the company adopted the flow-through method of accounting for investment tax credits. In prior years, the company followed the practice of adding investment tax credit to income over the productive lives of the assets generating such credit, rather than in the year in which the assets were placed in service. Accordingly, such benefits deferred in prior years are being added to income in the current year.

(2) Net income and net income per share include a nonrecurring gain on the sale of the corn refining plant in Lafayette, Indiana. This nonrecurring gain increased net income $13.3 million, primary earnings per share $.10 and fully diluted earnings per share $.09.

1982	1981	1980	1979	1978	1977	1976	1975
59.1	54.5	50.2	46.2	41.6	36.6	29.1	35.2
$5,185.7	$4,409.6	$3,822.4	$3,263.7	$2,701.6	$2,231.2	$1,753.0	$2,036.7
609.1	562.4	527.0	487.8	442.0	393.2	311.9	391.7
4,576.6	3,847.2	3,295.4	2,775.9	2,259.6	1,838.0	1,441.1	1,645.0
3,331.7	2,975.5	2,553.9	2,172.1	1,762.4	1,462.8	1,175.0	1,343.8
1,244.9	871.7	741.5	603.8	497.2	375.2	266.1	301.2
752.0	515.0	428.6	356.7	274.9	190.4	137.8	126.1
492.9	356.7	312.9	247.1	222.3	184.8	128.3	175.1
(89.2)	(89.6)	(75.6)	(40.3)	(28.9)	(26.7)	(26.9)	(22.6)
41.2	64.1	41.7	—	—	—	—	—
17.0	6.2	2.4	8.4	11.7	7.7	10.3	10.9
(8.1)	(12.2)	(9.9)	5.4	.7	4.1	1.7	1.9
—	—	—	—	—	—	(10.0)	—
20.4	—	—	—	—	—	—	—
474.2	325.2	271.5	220.6	205.8	169.9	103.4	165.3
186.9	107.8	99.7	76.3	94.8	78.0	48.0	80.6
287.3	217.4	171.8	144.3	111.0	91.9	55.4	84.7
—	—	—	52.1	—	—	—	—
287.3(2)	217.4	171.8	196.4	111.0	91.9	55.4	84.7
1.99	1.60	1.27	1.07	.82	.68	.41	.63
—	—	—	.38	—	—	—	—
1.99(2)	1.60	1.27	1.45	.82	.68	.41	.63
1.96(2)	1.54	1.27	1.45	.82	.68	.41	.63
65.8	51.2	44.8	40.7	37.0	32.0	30.6	28.8
.46	.37⅔	.33	.30	.27⅓	.23⅔	.22⅔	.21⅓
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
144.3	136.2	135.6	135.6	135.3	135.3	135.3	135.3

FINANCIAL SUMMARY—BALANCE SHEET AND OTHER INFORMATION

Anheuser-Busch Companies, Inc., and Subsidiaries
(In millions, except per share and statistical data)

	1985	1984	1983
Balance Sheet Information			
Working capital	***$ 127.7***	$ 80.3	$ 175.1
Current ratio	***1.2***	1.1	1.2
Plant and equipment, net	***3,885.9***	3,515.0	3,204.2
Long-term debt	***861.3***	835.8	961.4
Total debt to total debt plus equity	***25.9% (1)***	27.2% (1)	31.9% (1)
Deferred income taxes	***961.7***	755.0	573.2
Convertible redeemable preferred stock	***287.6***	286.9	286.0
Common stock and other shareholders equity	***2,173.0***	1,951.0	1,766.5
Return on shareholders equity	***18.9%***	18.2%	18.0%
Total assets	***5,121.4***	4,524.7	4,330.2
Other Information			
Capital expenditures	***601.0***	519.2	428.0
Depreciation and amortization	***236.1***	203.4	187.3
Total payroll cost	***1,547.7***	1,427.5	1,350.8
Effective tax rate	***43.2%***	43.2%	43.5%
Price/earnings ratio	***14.9***	9.8	9.6
Percent of pre-tax profit on gross sales	***10.2%***	9.6%	9.3%
Market price range of common stock (high/low)	***45¾-23⅝***	24¾-17⅞	25⅝-19½
Pro Forma Information Assuming Retroactive Application Of The Flow-Through Method Of Accounting For The Investment Tax Credit (3):			
Net income (4)	***443.7***	391.5	348.0
Net income per share (4):			
Primary	***2.84***	2.47	2.17
Fully diluted	***2.84***	2.47	2.17
Common stock and other shareholders equity	***2,173.0***	1,951.0	1,766.5
Return on shareholders equity	***18.9%***	18.2%	18.0%
Book value per share	***15.69***	13.81	12.17
Effective tax rate	***43.2%***	43.2%	43.5%

Notes To Financial Summary—Balance Sheet And Other Information

Note: All per share information reflects the June 14, 1985 three-for-one stock split. All amounts reflect the acquisition of Campbell Taggart, Inc. as of November 2, 1982.

(1) This percentage has been calculated by including convertible redeemable preferred stock as part of equity because it is convertible into common stock and is trading primarily on its equity characteristics.

(2) This percentage has been adjusted to reflect the change in the method of accounting for the investment tax credit in 1979, but excludes the cumulative effect.

(3) Effective January 1, 1979, the company adopted the flow-through method of accounting for the investment tax credit. In prior years, the company followed the practice of adding investment tax credit to income over the productive lives of the assets generating such credit, rather than in the year in which the assets were placed in service. Accordingly, such benefits deferred in prior years are being added to income in the current year.

(4) Includes the capitalization of interest effective January 1, 1980 that relates to the capital cost of acquiring certain fixed assets.

1982	1981	1980	1979	1978	1977	1976	1975
$ 45.8	$ 45.9	$ 26.3	$ 88.1	$ 223.7	$ 175.4	$ 182.1	$ 255.4
1.1	1.1	1.1	1.3	1.8	1.8	2.0	2.5
2,988.9	2,257.6	1,947.4	1,461.8	1,109.2	952.0	857.1	724.9
969.0	817.3	743.8	507.9	427.3	337.5	340.7	342.2
35.4% (1)	42.4%	43.4%	36.0%	36.4%	33.4%	35.8%	36.8%
455.1	357.7	261.6	193.8	146.9	119.1	93.0	74.6
285.0	—	—	—	—	—	—	—
1,526.6	1,206.8	1,031.4	904.3	747.9	673.9	611.9	587.1
19.9%	19.3%	17.8%	16.9% (2)	15.6%	14.3%	9.2%	15.2%
3,902.8	2,875.2	2,449.7	1,926.0	1,648.0	1,403.8	1,268.1	1,202.1
355.8	421.3	590.0	432.3	228.7	156.7	198.7	155.4
133.6	108.7	99.4	75.4	66.0	61.2	53.1	51.1
853.3	686.7	594.1	529.1	421.8	338.9	271.4	268.3
39.4%	33.1%	36.7%	34.6%	46.0%	45.9%	46.4%	48.7%
11.0	8.9	7.3	7.1	9.8	9.8	18.8	18.1
9.1%	7.4%	7.1%	6.8%	7.6%	7.6%	5.9%	8.1%
23⅝-12⅞	14¾-9¼	10⅜-7	9-6½	9¼-5⅞	8⅜-6¼	12⅞-6⅞	13¼-8⅛
287.3	217.4	171.8	144.3	121.9	98.3	75.5	89.1
1.99	1.60	1.27	1.07	.90	.73	.56	.66
1.96	1.54	1.27	1.07	.90	.73	.56	.66
1,526.6	1,206.8	1,031.4	904.3	800.1	715.1	646.8	601.9
19.9%	19.3%	17.8%	16.9%	16.1%	14.4%	12.1%	15.6%
10.54	8.86	7.61	6.66	5.91	5.28	4.78	4.45
39.4%	33.1%	36.7%	34.6%	40.8%	42.1%	27.0%	46.1%

The Corporation

Anheuser-Busch Companies, Inc. is a diversified corporation whose subsidiaries include the world's largest brewing organization and the country's second largest producer of fresh baked goods. Other subsidiaries operate in the fields of container manufacturing and recycling, malt and rice production, international beer marketing, non-beer beverages, snack foods, baker's yeast, family entertainment, real estate development, major league baseball, stadium ownership, creative services, rail car repair and transportation services.

Trademarks

Trademarks of the corporation and its subsidiaries include: Anheuser-Busch, the A & Eagle Design, Budweiser, Bud, Bud Light, King of Beers, Michelob, Michelob Light, Michelob Classic Dark, Mich, Busch, Natural Light, LA, King Cobra, Baybry's, Busch Gardens, The Dark Continent, The Old Country, Adventure Island, Kingsmill, Cardinals, Eagle (for snacks), Honey Roast, Rainbo, Colonial, Earth Grains and El Charrito.

Annual Meeting

The annual meeting of shareholders will be held on Wednesday, April 23, 1986, in Jacksonville, Fla. A formal notice of the meeting together with a proxy statement will be mailed to shareholders in mid-March 1986.

Additional Information

A copy of the company's annual report to the Securities and Exchange Commission (Form 10-K) is available to shareholders without charge upon written request to John L. Hayward, Vice President and Secretary, Anheuser-Busch Companies, Inc., One Busch Place, St. Louis, Mo. 63118.

Copies of the corporation's "Fact Book," a general information brochure, may be obtained by writing Corporate Communications Department, Anheuser-Busch Companies, Inc., One Busch Place, St. Louis, Mo. 63118.

For information on Exploration Cruise Lines, contact your travel agent or call Exploration Cruise Lines at 1-800-426-0600. In Seattle, call 624-8551.

Common Stock

Anheuser-Busch Companies, Inc. common stock is listed and traded on the New York Stock Exchange and traded on the Boston, Midwest, Cincinnati, Pacific and Philadelphia Stock Exchanges and the over-the-counter market. Options in the company's common stock are traded on the Philadelphia Stock Exchange. The stock is quoted as "Anheus" in stock table listings in daily newspapers; the abbreviated ticker symbol is "BUD."

Preferred Stock

Anheuser-Busch Companies, Inc. preferred stock is listed and traded on the New York Stock Exchange. The stock is quoted as "Anheu pf" in stock table listings in daily newspapers; the abbreviated ticker symbol is "BUD pfA."

Dividends

Dividends on both common and preferred stock are normally paid in the months of March, June, September and December.

Dividend Reinvestment

The company's Dividend Reinvestment Plan allows shareholders to reinvest dividends in Anheuser-Busch Companies, Inc. common stock automatically, regularly and conveniently—without service charges or brokerage fees. In addition, participating shareholders may supplement the amount invested with voluntary cash investments on the same cost-free basis. Plan participation is voluntary and shareholders may join or withdraw at any time.

Full details concerning the plan are available by writing to Morgan Guaranty Trust Company of New York, Dividend Reinvestment Plan, P.O. Box 3506, New York, New York 10008. Be certain to include a reference to Anheuser-Busch Companies, Inc.

Transfer Agent—Common Stock and Preferred Stock

Centerre Trust Company of St. Louis
510 Locust Street
St. Louis, Missouri 63101
(314) 231-9300

Registrars—Common Stock and Preferred Stock

Mercantile Trust Company National Association
721 Locust Street
St. Louis, Missouri 63101

Centerre Trust Company of St. Louis
510 Locust Street
St. Louis, Missouri 63101

Dividend Disbursing Agent

Centerre Trust Company of St. Louis
510 Locust Street
St. Louis, Missouri 63101
(314) 231-9300

Trustees—Debentures/Notes

5.45%, 6.00% and 11-7/8% debentures:
Chemical Bank
20 Pine Street
New York, New York 10015

7.95%, 8.55% and 9.20% debentures:
Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

11.25% guaranteed bonds:
Manufacturers Hanover Trust Company
40 Wall Street
New York, New York 10015

15-3/8% notes:
InterFirst Bank Dallas, N.A.
1601 Elm Street
Dallas, Texas 75283

Fiscal Agents—Notes

11-1/8% notes:
Manufacturers Hanover Trust Company
600 Fifth Avenue
New York, New York 10020

8% dual-currency Japanese yen/U.S. dollar notes:
The Industrial Bank of Japan, Limited
3-3 Marunouchi 1-Chome
Chiyoda-ku
Tokyo 100, Japan

Independent Accountants

Price Waterhouse
One Centerre Plaza
St. Louis, Missouri 63101

Corporate Office

One Busch Place
St. Louis, Missouri 63118
(314) 577-2000

Anheuser-Busch Companies, Inc.

Policy Committee

*August A. Busch III**
Chairman of the Board and President

*Dennis P. Long**
Vice President and Group Executive

*Jerry E. Ritter**
Vice President and Group Executive

Barry H. Beracha
Vice President and Group Executive

Patrick T. Stokes
Vice President and Group Executive

John H. Purnell
Vice President and Group Executive

W. Randolph Baker
Vice President and Group Executive

Stephen K. Lambright
Vice President and Group Executive

C.B. Lane, Jr.
President and CEO-Campbell Taggart, Inc.

Stuart F. Meyer
Vice President-Corporate Human Resources

Raymond E. Goff
Vice President and Group Executive

**Member of the Corporate Office*

Other Officers

John L. Hayward
Vice President and Secretary

Donald S. McDonald
Vice President-Senior Counsel, Industry and Government Affairs

Margaret S. Busch
Vice President-Corporate Promotions

Thomas A. Aldrich
Vice President and Corporate Representative

Aloys H. Litteken
Vice President-Corporate Engineering

Wayman F. Smith III
Vice President-Corporate Affairs

Thomas R. Billen
Vice President-Corporate Financial Planning

Walter A. Suhre, Jr.
Vice President and General Counsel

Osmond Conrad
Vice President and Controller

Luke L. Meatte
Senior Vice President-Wholesaler/Industry Affairs

Donald W. Kloth
Vice President-Materials Acquisition

Jesse Aguirre
Vice President-Corporate Relations

John P. Wilson
Vice President-Project Engineering and Design

Lee J. Waltemade
Vice President-Corporate Labor Relations

Michael J. LaMonica
Senior Vice President-Industry Affairs

Gerald C. Thayer
Vice President and Treasurer

Kenn A. Reynolds
Vice President—Corporate Research and Development

Albert R. Wunderlich
Tax Controller

JoBeth Brown
Assistant Secretary

Knut C. Heise
Assistant Secretary

Richard A. Schwartz
Assistant Secretary

Richard N. Hill
Assistant Treasurer

Principal Officers of Anheuser-Busch Companies Subsidiaries

Anheuser-Busch, Inc.

August A. Busch III
Chairman of the Board and Chief Executive Officer

Dennis P. Long
President and Chief Operating Officer

Michael J. Roarty
Executive Vice President

Andrew J. Steinhubl
Senior Vice President-International Brewing and New Product Development

Thomas R. Montgomery
Vice President-Operations

Charles W. Wirtel
Vice President-Beer Planning

T. Michael Carpenter
Group Vice President

Joseph P. Lynch
Vice President-Quality Assurance

Gerhardt A. Kraemer
Vice President-Brewing

William L. Rammes
Vice President-Administration

James H. Young
Vice President-Plant Operations

John N. MacDonough
Vice President-Brand Management

Joseph E. Martino
Vice President-Sales

Klaus D. Zastrow
Vice President-Brewing Technical Services

Edward G. Martin
Vice President-International Brewing and Development

James D. Boden
Vice President-Operations Control

Paul V. von Gontard
Vice President and Resident Manager-St. Louis

Henry H. Brown
Vice President-Market Development

Charles B. Fruit
Vice President-Corporate Media

Jack K. Higgins
Vice President-National Account Sales

Thomas O. Sobbe
Vice President-Field Sales

Michael A. Orloff
Vice President-Wholesale Operations Division

Paul J. Morrissey
Vice President-National Accounts and Trade Relations

Royce J. Estes
Vice President and Deputy General Counsel

Metal Container Corporation

Barry H. Beracha
Chairman of the Board and Chief Executive Officer

Richard C. White
President and Chief Operating Officer

Timothy J. Houghton
Vice President and General Manager

William C. Wilkenloh
Vice President-Sales and Marketing

Busch Agricultural Resources, Inc.

Raymond E. Goff
Chairman of the Board and Chief Executive Officer

Donald W. Kloth
President

David R. Long
Vice President and General Manager

John A. Brussman
Vice President-Malt Operations

Louis L. Werner
Vice President-Rice Operations

Container Recovery Corporation

Barry H. Beracha
Chairman of the Board and Chief Executive Officer

Joseph L. Goltzman
President and Chief Operating Officer

William I. Solomon
Vice President and General Manager

Anheuser-Busch International, Inc.

John H. Purnell
Chairman of the Board and President

Bruce B. Adaire
Vice President and Director of Operations

Johnson C. Leung
Vice President and Regional Director

David E. Cortright
Vice President-Finance and Planning

Jonathan Radice
Vice President and Regional Director-Europe

Campbell Taggart, Inc.

C. B. Lane, Jr.
President and Chief Executive Officer

Patrick T. Stokes
Chief Operating Officer

David S. Leavenworth
Executive Vice President–Administration and Bakery Division

Leon Pritzker
Executive Vice President–Staff Operations

John W. Iselin, Jr.
Vice President–Diversified Operations

Thomas E. Burnett
Chief Operating Officer–Bakery and Earth Grains Divisions

Ellis W. McCracken, Jr.
Vice President and General Counsel

John Piotrowski
Vice President–Planning and Development

Henry J. Himmelberg
Vice President and Controller

Jaime Iglesias
Vice President–International

Harold D. Slankard
Vice President–Labor Relations/Human Resources

Jeffrey J. Marsh
Vice President–Corporate Purchasing and Transportation

M. Wayne Somers
Vice President–Field Marketing

Don Wyant
Vice President–Corporate Manufacturing

Paul A. Wright
Vice President–Major Manufacturing Projects

Eugene E. Wisakowsky
Vice President–Quality Control and Assurance

Lawrence J. Shine
Vice President–Productivity and Capital Management

Frank R. Goley
Vice President–Engineering

Robert Doyle
Vice President–Brand Management

James Lannom
Vice President–Management Information Systems

T. E. Mason
Vice President and Treasurer

Ken Schierling
Vice President–Office Services

B. L. Bowden
Vice President–Cost Control

Terry Debard
Vice President–Retail Operations

Michael D. Kafoure
Vice President–Earth Grains Division

William R. Palmer
Vice President

John M. Johnson
Vice President–Eastern Region

Richard T. Martin
Vice President–Western Region

Charles McLaughlin
Vice President–Central Region

Richard L. DuCharme
Vice President–Stockton Division

R. Gordon Manning
Vice President–Dallas Division

Clyde Colley
Vice President–Phoenix Division

Ronald Rogers
Vice President–Chattanooga Division

F. W. Peck
Vice President–Atlanta Division

Greg A. Gingrizh
Corporate Secretary

Eagle Snacks, Inc.

John H. Purnell
Chairman of the Board and President

Kevin F. Bowler
Vice President and General Manager

William H. Opdyke
Vice President–Operations

Allen W. Sherman
Vice President–Brand Management and Sales Administration

Timothy J. Fleming
Vice President–Sales

Glennon J. Martin, Jr.
Vice President–Engineering

Richard R. Scheuerman
Vice President–Finance and Financial Planning, and Assistant Secretary

Mark A. Seals
Vice President–Strategic Planning and International Development

Busch Industrial Products Corporation

Raymond E. Goff
Chairman of the Board and Chief Executive Officer

John N. Riesch
President

Arthur C. Litchfield
Vice President–Production

Ivan S. Dobson
Vice President–Planning and Development

James O. Cloud
Vice President–Marketing

James J. Fischer
Vice President–Finance

Busch Entertainment Corporation

W. Randolph Baker
Chairman of the Board and President

William H. Thurman
Vice President and General Manager

Thomas L. Corrigan
Vice President–Finance and Planning

Harold M. Greenblatt
Vice President–Engineering

R. Burl Purvis
Vice President–Revenue

John B. Roberts
Vice President–Operations

Brian D. Smith
Vice President–Marketing

Busch Properties, Inc.

W. Randolph Baker
Chairman of the Board and President

Brian W. Foster
Vice President–Finance and Planning

Harry D. Knight
Vice President and General Manager–Kingsmill, and Assistant Secretary

John C. Martz, Jr.
Vice President–Corporate Real Estate, Assistant Secretary and Assistant Treasurer

St. Louis National Baseball Club, Inc.

August A. Busch, Jr.
Chairman of the Board and President

Fred L. Kuhlmann
Executive Vice President and Chief Operating Officer

August A. Busch III
Vice President

Stanley F. Musial
Senior Vice President

Margaret S. Busch
Vice President

Gary A. Blase
Vice President–Business Operations

Civic Center Corporation

Mark Sauer
President and Chief Executive Officer

John E. Taylor, Jr.
Senior Vice President, Controller, and Assistant Secretary–Treasurer

Busch Creative Services Corporation

W. Randolph Baker
Chairman of the Board and Chief Executive Officer

Joseph J. Kramer
President

St. Louis Refrigerator Car Company

August A. Busch, Jr.
Chairman of the Board

Roy W. Chapman
President

David Hamel
Vice President–Operations

Edward R. Goedeke, Jr.
Vice President–Marketing

Manufacturers Railway Company

August A. Busch, Jr.
Chairman of the Board and Chief Executive Officer

Roy W. Chapman
President

Edward R. Goedeke, Jr.
Vice President–Marketing

Eldon D. Harris
Vice President–Operations and Secretary

Anheuser-Busch Companies, Inc.

Directors

August A. Busch, Jr.
Honorary Chairman of the Board

August A. Busch III
Chairman of the Board and President

Richard T. Baker
Former Managing Partner-Ernst & Ernst (now Ernst & Whinney); certified public accountants, and presently Consultant to that firm

Margaret S. Busch
Vice President-Corporate Promotions

Peter M. Flanigan
Managing Director-Dillon, Read & Co. Inc.; an investment banking firm

Roderick M. Hills
Distinguished Faculty Fellow and Lecturer, International Finance-Yale University School of Management

Edwin S. Jones
Former Chairman of the Board-First Union Bancorporation (now Centerre Bancorporation); a multi-bank holding company

Fred L. Kuhlmann
Vice Chairman of the Board and Executive Vice President of St Louis National Baseball Club, Inc.

Vilma S. Martinez
Partner-Munger, Tolles & Olson; attorneys

Sybil C. Mobley
Dean of the School of Business and Industry-Florida A&M University

Bernard A. Edison
President and Director-Edison Brothers Stores, Inc.; retail specialty stores

James B. Orthwein
Chairman of the Board-Newhard, Cook & Co. Inc.; an investment brokerage firm

Walter C. Reisinger
Special Representative-Customer Relations-Anheuser-Busch Companies, Inc.

Armand C. Stalnaker
Professor of Management-Washington University School of Business

Fred W. Wenzel
Chairman of the Board-Kellwood Company; a manufacturer of apparel and home fashions

Advisory Member

W. R. Persons
Former Chairman and Chief Executive Officer-Emerson Electric Company; a manufacturer of electrical and electronic equipment

Director Emeritus

M. R. Chambers
Former Chairman of the Executive Committee and Director-INTERCO INCORPORATED

ANHEUSER-BUSCH COMPANIES SUBSIDIARY LOCATIONS

Corporate Office—St. Louis, Mo.

ANHEUSER-BUSCH, INC.

Breweries
Fairfield, Calif.
Los Angeles, Calif.
Jacksonville, Fla.
Tampa, Fla.
St. Louis, Mo.
Merrimack, N.H.
Newark, N.J.
Baldwinsville, N.Y.
Columbus, Ohio
Houston, Tex.
Williamsburg, Va.

Wholesale Operations
Riverside, Calif.
Sylmar, Calif.
Stockton, Calif.
Denver, Colo.
Chicago, Ill.
Louisville, Ky.
New Orleans, La.
Boston, Mass.
Newark, N.J.
Tulsa, Okla.

Brewery Tour Facilities
Jacksonville, Fla.
Tampa, Fla.
St. Louis, Mo.
Merrimack, N.H.
Columbus, Ohio
Williamsburg, Va.

METAL CONTAINER CORPORATION

Can/Lid Manufacturing
Gainesville, Fla.
Jacksonville, Fla.
Arnold, Mo.
Columbus, Ohio
Oklahoma City, Okla.

CONTAINER RECOVERY CORPORATION

Container Recycling/Processing
Cocoa, Fla.
Nashua, N.H.
Marion, Ohio

BUSCH AGRICULTURAL RESOURCES, INC.

Malt Production
Moorhead, Minn.
Manitowoc, Wisc.

Rice Milling/Storage
Brinkley, Ark.
Jonesboro, Ark.
Springfield, Mo.

Barley Seed/Elevators
Moorhead, Minn.
West Fargo, N.D.

Sod Farm Operations
Jacksonville, Fla.
Robersonville, N.C.
Houston, Tex.

ANHEUSER-BUSCH INTERNATIONAL, INC.

Licensed Beer Production
Canada
Israel
Japan
United Kingdom

CAMPBELL TAGGART, INC.

Corporate Offices
Dallas, Tex.

Bakery Operations
Dothan, Ala.
Fort Payne, Ala.
Huntsville, Ala.
Montgomery, Ala.
Phoenix, Ariz.
Tucson, Ariz.
Little Rock, Ark. (2)
Fresno, Calif.
Oakland, Calif.
Sacramento, Calif.
Stockton, Calif.
Denver, Colo.
Pueblo, Colo.
Atlanta, Ga.
Augusta, Ga.
Columbus, Ga.
Macon, Ga.
Rome, Ga.
Aurora, Ill.
Rockford, Ill.
Indianapolis, Ind.
Muncie, Ind.
Cedar Rapids, Iowa
Des Moines, Iowa
Hutchinson, Kan.
Wichita, Kan.
Lexington, Ky.
Louisville, Ky.
Owensboro, Ky.
Columbus, Miss.
Gulfport, Miss.
Meridian, Miss.
Kansas City, Mo.
Springfield, Mo.
St. Joseph, Mo.
St. Louis, Mo.
Charlotte, N.C.
Grand Island, Neb.
Lincoln, Neb.
Albuquerque, N.M.
Enid, Okla.
Oklahoma City, Okla.
Tulsa, Okla.
Chattanooga, Tenn.
Johnson City, Tenn.
Memphis, Tenn.
Nashville, Tenn.
Corpus Christi, Tex.
Dallas, Tex.
El Paso, Tex.
Harlingen, Tex.
Houston, Tex.
Lubbock, Tex.
Paris, Tex.
San Antonio, Tex.
Roanoke, Va.

Refrigerated Products
City of Industry, Calif. (Rod's Food Products)
Forest Park, Ga. (dough)
Indianapolis, Ind. (dough; Royal Food Products)
Carrollton, Tex. (dough)

Frozen Food Products
Dallas, Tex.

International Operations
Lievin, France (Europate)
Marseilles, France (Le Pain Turner)
Paris, France (Le Pain Turner)
Almansa, Spain (Bimbo)
Antequerra, Spain (Bimbo)
Barcelona, Spain (International Office)
Granollers, Spain (Bimbo)
Las Mercedes, Spain (Bimbo)
Palma, Spain (Bimbo)
Solares, Spain (Bimbo)

Old America Stores
Howe, Tex. (Corporate Office)
Birmingham, Ala.
Scottsdale, Ariz.
Greeley, Colo.
Baton Rouge, La.
Lafayette, La.
New Iberia, La.
Raleigh, N.C.
Albuquerque, N.M.
N. Augusta, S.C.
Corpus Christi, Tex.
Houston, Tex.
Lake Jackson, Tex.
Richmond, Va.

Other Interests
Grand Prairie, Tex. (Herby's)
Paris, Tex. (Packaging)
Puerto Rico (Commonwealth Cold Storage)

EAGLE SNACKS, INC.

Snack Production
Hyannis, Mass.
Robersonville, N.C.

BUSCH INDUSTRIAL PRODUCTS CORPORATION

Yeast Production
Bakersfield, Calif.
St. Louis, Mo.
East Brunswick, N.J.

BUSCH ENTERTAINMENT CORPORATION

Family Entertainment
Tampa, Fla. (Busch Gardens, Adventure Island)
Langhorne, Pa. (Sesame Place)
Williamsburg, Va. (Busch Gardens)
Seattle, Wash. (Exploration Cruises)

BUSCH PROPERTIES, INC.

Real Estate Development
Fairfield, Calif. (Commercial)
Columbus, Ohio (Commercial)
Williamsburg, Va. (Residential/Commercial)

ST. LOUIS NATIONAL BASEBALL CLUB, INC.

Baseball
St. Louis, Mo. (Cardinals)

CIVIC CENTER CORPORATION

Stadium Operations
St. Louis, Mo. (Busch Stadium)

BUSCH CREATIVE SERVICES CORPORATION

Business and Marketing Communications
St. Louis, Mo.

ST. LOUIS REFRIGERATOR CAR COMPANY

Rail Car Repair
Wood River, Ill.
St. Louis, Mo.
Saginaw, Tex.

MANUFACTURERS RAILWAY COMPANY

Transportation Services
St. Louis, Mo.
Saratoga Springs, N.Y.
Houston, Tex.
Williamsburg, Va.

Joint Venture

INTERNATIONAL LABEL COMPANY

Clarksville, Tenn. (Label Production)

Anheuser-Busch Companies, Inc.
One Busch Place
St. Louis, Mo. 63118